S. HRG. 99-610

FISCAL YEAR 1987 BUDGET FOR INDIAN PROGRAMS

HEARING

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

FEBRUARY 18, 1986
WASHINGTON, DC

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FISCAL YEAR 1987 BUDGET FOR INDIAN PROGRAMS

TUESDAY, FEBRUARY 18, 1986

U.S. SENATE,
SELECT COMMITTEE ON INDIAN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in room 628, Dirksen Senate Office Building, Hon. Mark Andrews (chairman of the committee) presiding.

Present: Senators Andrews and Melcher.

Senator ANDREWS. The committee will come to order.

My apologies for being late. I was just in the Budget Committee meeting and Rudy Benner was testifying there. One question and his answer might be of interest to you. I asked him if he felt in estimate that the President's figures on the defense numbers were correct. He said, no, he felt they were probably $14 billion off. With that $14 billion, we could run quite a succession of Indian programs—health, education, and a number of other things.

Our hearing today is on the budget submissions of four agencies of the Federal Government for funding in fiscal 1987 for Indian programs: First, the Department of the Interior, Bureau of Indian Affairs; second, the Indian Health Service at HHS; third, the Indian Education Program at the Department of Education; and, fourth, Indian housing programs at the Department of Housing and Urban Development.

The BIA budget justification indicates that it is seeking appropriated nontrust funds for fiscal 1987 in the amount of $923.7 million. That is a decrease of $78.7 million from the amount appropriated for fiscal 1986, or about 8 percent. The fiscal 1987 budget justification contains a new budget activity entitled, "Tribal Agency Operation," which involves a new system for displaying nearly one-third of BIA's budget without an adequate crosswalk to compare fiscal 1986 funding levels.

It appears to the committee that the proposed transfer of Johnson-O'Malley funds from BIA to the Department of Education in exchange for the transfer of certain funds from the Department of Education and the proposed elimination of many programs for Native people in Alaska account for a significant decrease in funds sought by BIA, but it also appears that many other programs are also scheduled for heavy cuts.

With respect to the Indian Health Service, the President's budget request for fiscal 1987 proposed a 16-percent reduction, with a reduction of $107.8 million in requested budget authority. For the fifth year, proposed reductions in the Indian Health Service are premised on the elimination of the Community Health Representative Program, the Urban Indian Program, the Tribal Management Program, and the IHS Facilities Construction Program.

The President's budget also calls for sizable reductions in the hospitals and clinics budget and the Contract Health Care Program. No funds are requested for construction of water and sanitation facilities to serve Indian homes.

In addition to these shortfalls, the President's fiscal 1987 budget calls for a rescission of $62.9 million in funds appropriated to IHS for fiscal 1986. This rescission coupled with a $10.5 million to be sequestered under the authority of Gramm-Rudman-Hollings amounts to a 9-percent cut in IHS funds for the remainder of fiscal 1986.

The Department of Education budget request for fiscal 1987 of $75.7 million is approximately $8.6 million greater than the amount appropriated for fiscal 1986. However, this includes the $20-plus million in Johnson-O'Malley funds proposed to be transferred to the Department of Education from the Bureau of Indian Affairs, and thus the apparent gain is illusionary.

Finally, the Department of Housing and Urban Development proposes not only to zero fund the Indian Housing Program, but also to rescind the funds provided in fiscal 1986 to construct 2,000 new units of Indian housing and to recapture some of the funds already in the housing pipeline from prior appropriations which have not been utilized on a timely basis. Modernization or repair funds will be available only for emergency health and safety requirements.

I must say quite candidly this doesn't paint a pretty picture for people in Indian country. This Government not only has a responsibility to maintain a safety net for those who need it, but also a trust responsibility to the Indian people.

With this background—and let me say I think that my feeling is shared by the members of this committee, and we intend in the hearings today and the hearings later on to find out just exactly what this administration proposes to do about these challenges. We've been on reservation. If you want to see a microcosm of all that is wrong in the administration of housing and education and medical programs—wrong because of a lack of funds, wrong because of maladministration, wrong for any number of reasons—I would suggest to those that haven't been on a reservation to go take a look. It is tragic. These are places that this Government should be offering opportunity to our Indian people, and I don't see where you are going to get opportunity with a budget like this—we understand Gramm-Rudman cuts, but these are meataxe cuts before Gramm-Rudman—given the challenges out there. I don't think that we can sustain this kind of action and in conscience call ourselves caring and thoughtful Americans.

Having set that stage, I would like to welcome our first witness, Ross Swimmer, who is the Assistant Secretary for Indian Affairs, Department of the Interior.

It is good to have you here again. We look forward to hearing from you.

Let me tell you, Mr. Secretary, that your statement we have. It will be included in its entirety in the record. You can summarize it in any way you might wish.

STATEMENT OF ROSS O. SWIMMER, ASSISTANT SECRETARY OF THE INTERIOR FOR INDIAN AFFAIRS, ACCOMPANIED BY HENRIETTA WHITEMAN, DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS; FRANK RYAN, DIRECTOR, OFFICE OF TRUST RESPONSIBILITIES; RON ESQUERRA, ACTING DEPUTY ASSISTANT SECRETARY FOR OPERATIONS AND ADMINISTRATION; HAZEL ELBERT, DIRECTOR, OFFICE OF INDIAN SERVICES; AND TOM STANGL, ACTING ASSISTANT DIRECTOR OF ADMINISTRATION FOR FINANCIAL MANAGEMENT

Mr. SWIMMER. Thank you, Mr. Chairman.

Senator ANDREWS. Let me say we got your statement 5 minutes ago and that is typical. I imagine that the reason it took you so long to put it together is because you really have been working, given your devotion to the Indian cause, and finding some way of, shall we say, having things put in proper perspective in this budget request.

Mr. SWIMMER. Mr. Chairman, we have done the best that we can, given the circumstances.

I apologize for the lateness of the statement being submitted. I was under the impression that we had been able to get it over a little bit earlier, but my staff has spent some time briefing the committee's staff, and I think that we are aware of some of the concerns of the committee and hope to be able to address those concerns this morning to some degree.

I have brought with me Mr. Ron Esquerra, who is our Acting Deputy Assistant Secretary for Operations and Administration; Dr. Frank Ryan, who is a deputy to me and Director of the Office of Trust Responsibilities and soon to also become responsible for economic development; Dr. Henrietta Whiteman, who is another deputy to me and the Director of the Office of Indian Education Programs; Ms. Hazel Elbert, who is Director of the Office of Indian Services; and, to my left presently, is Tom Stangl, who is our Acting Assistant Director of Administration for Financial Management.

I give those titles somewhat tongue in cheek. I have submitted for the administration's approval an organization of the Office of the Assistant Secretary, and in that organization I would be serving in both capacities as Assistant Secretary and the Chief Operating Officer for the Bureau of Indian Affairs and have four deputies who would then also serve as the office directors of the programs of education, trust, administration, and Indian services.

As was noted, we have submitted a prepared statement for record, which I would appreciate being included.

As noted by the Chair, I am new at this position of Indian Affairs. I often have found myself on the other side of the table speaking from a tribal chairman's perspective. So it does give me a little bit of insight on how the budget might, in fact, affect our Indian leadership and our tribes and our Indian people throughout Indian country.

As has been noted, there are a number of reductions in the Bureau of Indian Affairs. It is my understanding from some rough numbers that we are looking at about a 4- to 5-percent reduction, and then with the transfer of the Johnson-O'Malley Program to the Department of Education, this would amount to the 8 percent that was referred to by the Chair.

In days of Gramm-Rudman, deficit reduction, trying to balance the budget, I feel like we have been able to prioritize the resources that the Bureau of Indian Affairs has. We are putting those resources in the areas that we believe it will be most helpful to meet our responsibilities regarding the trust and the unique relationship between the Indian tribes and the Federal Government.

There are a few items that I am sure will be highlighted during this hearing. The tribe/agency issue was mentioned. We believe that putting $295 million of our budget into a tribe/agency category is the best way that we can have true self-determination where the Indian tribes will be able to select from that fund the moneys that they want to use for specific activities and will be able to develop their own priorities instead of having the Federal Government determine what the priorities should be; that it is important that the tribes make these kinds of decisions. I have seen where it can work in Indian country. It will, in fact, reduce the overhead of the tribes as they expend this money and should be able to help the tribes spend the money more wisely and for the priority items that they believe are important.

We're supporting the transfer of the Johnson-O'Malley Program to the Department of Education for a variety of reasons, not the least of which is, in fact, that the Department of Education is primarily responsible for non-Bureau of Indian Affairs schools; in other words, the public schools system.

We have nearly 80 percent plus of our children who are in public schools throughout this country. In the past we have seen a number of instances—I think our records indicate about 45 percent of the total—where there is duplicate funding of the Title IV Program through the Department of Education and our Johnson-O'Malley Program. Much of this money does, in fact, go into more urbanized areas and many times in areas where the money is not particularly needed for Indian students, where the school districts might have sufficient funds to address any unique or particular needs of Indian students, and that in fact a lot of the money is taken away then from on or near reservations.

We believe that with the guidelines that we have developed with the Department of Education; by setting priorities on the use of the Johnson-O'Malley funds, such as targeting it for areas that have economic deprivation, where we have indicated a failure in the past with education involving Indian students; and an income situation; that we can, in fact, get more of the money on or near reservations in those public schools that are serving our Indian students.

We have also worked out with the Department of Education some language that will go into the authorizing bill that would permit the use of Johnson-O'Malley for special targeted Indian programs, much as it is now, and would, in fact, require parent committees and have a tremendous amount of tribal involvement, just as they do now, in how the funds are being spent.

Overall, I think that the program is worthwhile and that it needs to be strengthened. One of the criticisms that the Department has had before in the Johnson-O'Malley Program was that it too often became an employment program in Indian country and wasn't addressing the peculiar needs, the special needs, of the Indian students by getting the right kinds of people into the school system to address those issues. We think the Department of Education has professional people in that area and that they will be attuned to the special interests of the Indian people; that those requirements will be written into the legislation; and that, in fact, those Indian children who need the money to be spent for those special needs will actually receive more funding than what they are receiving now through the split program of title IV being in the Department of Education and Johnson-O'Malley in the Bureau of Indian Affairs.

On the other hand, the money that would be transferred to the Department of Interior from the Department of Education will again fund a special higher education category of scholarships and be used in BIA schools to address the special and unique needs of the Indian students that have formerly has been spent by the Department of Education.

We also, as you have noted, have a reduction in the level of funding for the State of Alaska regarding Indian programs. We believe that more and more of the responsibility in Alaska is being taken by the State of Alaska; that nearly 30 percent of our Native people in Alaska live in urban areas; and that those that are living in the village areas are receiving or are eligible for revenue sharing funds. There has been an improvement in the State economy through the energy situation up there. We all recognize that that can turn around at any day, but we also believe that the State has the ability and the funds to make life better for the Indian people that live in that area.

We feel as though we are protecting the special interests that we need to protect in Alaska of the Natives and we are adding some money to the budget for cadastral surveys which will in fact help get more of the surveys done on the allotted lands that were chosen by individual nations prior to ANCSA.

I am sure there are many other issues that the Chair would like to get into. At this time that completes my introductory remarks. If there are special areas of interest, then I would be happy to address those. If I can't sufficiently address them, I would ask for either our budget officer or one of our deputies to come forward and do that.

[Mr. Swimmer's prepared statement appears followed by correspondence between Senators Andrews and Melcher to Interior Secretary Donald P. Hodel, dated February 6, 1985, and the Department of Interior's response, by Assistant Secretary for Indian Affairs Ross O. Swimmer, dated February 14, 1986. The material follows:]

[Text resumes on p. 27.]

STATEMENT OF ROSS O. SWIMMER
ASSISTANT SECRETARY OF THE INTERIOR FOR INDIAN AFFAIRS
BEFORE THE SENATE SELECT COMMITTEE ON INDIAN AFFAIRS
ON THE FY 1987 BUDGET REQUEST

FEBRUARY 18, 1986

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to discuss the FY 1987 budget for the Bureau of Indian Affairs' programs.

The 1987 budget request reflects the growing role of tribal governments in the operation of reservation programs. Even though our budget has been designed to comply with the deficit reduction requirements of the Gramm-Rudman-Hollings Act, there is still an increase provided for the operation of those programs most directly affecting the Indian people.

The 1987 appropriations request of $923.7 million of which $862.1 million is for the operation of Indian programs is an increase of $8.5 million from the FY 1986 adjusted appropriation for program operations. Our request includes increases from the FY 1987 Base in Social Services, $1.2 million; Law Enforcement, $506,000; Self-Determination Services, $4.2 million; Business Enterprise Development, $1.2 million; Real Estate and Financial Trust Services, $4.6 million; Management and Administration, $1 million; Program Management (Construction) $500,000; Consolidated Training Programs, $1.4 million; and Loan Guaranty, $288,000.

The $295 million requested for the new budget activity of tribal/agency operations includes funding for local service programs planned and operated at the reservation or agency level and some other programs offering direct services to tribes and individuals. The consolidated funding of these operations will allow tribes more direct and immediate input in making local decisions concerning fund usage to meet current needs and will reduce federal restrictions.

In order to improve services for Indian children and reduce program duplication, we are proposing the transfer of responsibility for the services now provided under the Johnson O'Malley education program to the Department of Education (ED). Increased funding to provide these services is included in the ED budget request. At the same time we are proposing to move some Title IV education funding from ED to the BIA. This will place all programs affecting Indian students attending public schools under ED and move programs affecting BIA-funded schools to the BIA. This transfer of responsibilities will occur, in large measure, through reallocation of funds in the Congressional appropriations process. Because of the need to reform the operations of selected ED programs, changes to existing legislation will be proposed in due course. The amendments will ensure that tribal contractors and Indian organizations will continue to play a role in the delivery of supplementary educational services to Indian students. No authorizing legislation will be required for the transfer of funds for former Title IV programs into BIA.

Our request proposes an increase of $5.6 million in funding for the indirect costs of self-determination contracts, offset in part by a proposed reduction of $4.0 million in self-determination grant funding. We believe the increase in funds for tribal indirect costs is necessary to further the goal of having reservation programs operated by the tribes.

Some of the major decreases from the 1986 appropriation levels are accounted for by the transfer of the Johnson O'Malley program responsibilities, $22.1 million; reduced construction, $41.7 million; elimination of one-time payments of $6.0 million for emergency hay purchases and $7.5 million for payments to the Alaska Escrow account; and a general decrease of $12.0 million for Alaska operations.

At my confirmation hearings before the Congress several months ago, I said, "The Bureau of Indian Affairs should continue encouraging tribes to take more responsibility by contracting programs that are now run by the Bureau. An integral part of any government is the responsibility to raise money and spend it as is needed for the common welfare of its citizens. Much of the money tribes have access to is now spent by the Bureau instead of tribes. However, we must also realize that some tribes will not move as fast as other tribes toward self-government and we have to be patient. We need to move at each tribe's pace and be aware of the unique circumstances of each tribe. On the other hand, I believe we should encourage and stimulate movement of tribes toward self-government and self-sufficiency through regulations and incentives that reward the tribes that take on these additional responsibilities". The flexibility in making local decisions concerning fund usage to meet current needs as recommended in our new line item of tribe/agency operations will help the tribes to achieve those goals.

The following discusses the details of the changes in our FY 1987 request. The increase/decrease amounts are compared to the FY 1987 Base contained in our Justifications. It should be noted that the 1987 Base restores funding sequestered in 1986 pursuant to the Gramm-Rudman-Hollings deficit reduction legislation. Therefore, a "reduction" from the Base funding level may actually constitute and increase from the actual 1986 funding level.

TRIBE/AGENCY OPERATIONS

Total funding for Tribe/Agency Operations in FY 1987 is $295 million (3,713 FTE). The net decrease of $6,336,000 (+1 FTE) consists of a reduction of $6,336,000 (-32 FTE) for BIA programs in Alaska, a decrease of $4,000,000 for self-determination grants, and an increase of $4,000,000 (+33 FTE) which will be spread among programs for the benefit of Indian tribes based on their own priorities for funding.

EDUCATION

School Operations

Funding for school operations is being decreased by $3,999,000 (-211 FTE). The decrease consists of -$1,200,000 for non-recurring items included in FY 1986 related to academic standards (such as staffing adjustments and purchase of library books, periodicals, and media equipment) and a decrease of $2,799,000 for the Indian School Equalization Program (ISEP). The decrease in ISEP reflects the transfer of residential students to day school programs, changes to the Intensive Residential Guidance and Bilingual programs, and the continuing emphasis on adjusting appointments of school staffs to an appropriate number of pay periods.

Johnson O'Malley

For FY 1987 responsibility for services now provided under the Johnson O'Malley (JOM) program is proposed to be transferred to the U.S. Department of Education (ED). Funding for the JOM program, which serves eligible Indian students in public schools, will be consolidated with the public school program under the Indian Education Act. The Department of Education will assume full Federal responsibility for Indian children attending public schools.

Continuing Education

The FY 1987 program reflects a decrease of -$1,939,000 for the Special Higher Education program (see Indian Education Act Funding, below) and a decrease of -$432,000 for operating grants to Tribally Controlled Community Colleges.

Indian Education Act Funding

For FY 1987, responsibility for selected activities in the Department of Education which benefitted children in BIA-funded schools will be transferred to the Bureau of Indian Affairs. These programs, funded at $9,500,000 in FY 1987, are special enrichment grants, educational services grants and pilot and demonstration grants. This shift will give the BIA responsibility for full funding of Indian students in BIA-supported schools. Responsibility for the ED Indian Fellowship program would also be transferred to BIA in 1987 to replace the BIA Special Higher Education Program. A total of $2,000,000 is provided for this program in 1987.

INDIAN SERVICES

Tribal Government Services

The FY 1987 program includes decreases in Community Services (-$79,000, -3 FTE) and All Other Aid to Tribal Government (-$127,000, -2 FTE). These decreases are the result of changes in Area Office priorities.

Social Services

The net increase of $1,190,000 consists of an increase of $3,833,000 for general assistance to needy Indians in FY 1987, an increase of $100,000 (+3 FTE) for the quality control program, and decreases of -$2,710,000 for grants to organizations under the Indian Child Welfare Act and -$33,000 (-2 FTE) at Area Offices.

Law Enforcement

Increased funding of $500,000 (+12 FTE) will permit the hiring of additional criminal investigators to improve the rate at which on-reservation crime is prosecuted. It will also allow the Bureau to furnish equipment for detention centers which have recently been renovated (+$100,000). Area Office priority changes resulted in a decrease of -$94,000 (-2 FTE).

Self-Determination

The requested increase of $4.2 million for Self-Determination Services reflects an increase of $5.6 million to cover the indirect costs of new tribal contracts, an increase in technical assistance, and a decrease of $1.7 million for Small Tribes Core Management grants. The increase in funds to support new contracts reflects continuing progress in the Administration's efforts to encourage increased P.L. 93-638 contracting by tribes. The adjustment in the Small Tribes Core Management Program reflects a phasedown of the program to a maintenance level, and its phaseout in the Juneau Area.

ECONOMIC DEVELOPMENT AND EMPLOYMENT PROGRAMS

Employment Development

The FY 1987 request is reduced by $497,000 due to one-time FY 1986 funding of a grant to the Crownpoint Institute of Technology, and Area Office adjustments totaling a reduction of $9,000.

Business Enterprise Development

The FY 1987 economic development grant program will be increased by $1,068,000 to provide additional Indian Business Development Program grants to individuals and tribes. These grants provide 25 percent of the funding for economic development projects matched by 75 percent funding from the private sector. The individual grants will be approved at the Area Office level; and an increase of $101,000 (+3 FTE) is proposed to handle the additional workload.

NATURAL RESOURCES DEVELOPMENT

Forestry and Agriculture

The major decrease in this category is $6.0 million for the one-time cost in FY 1986 for emergency hay relief for livestock in North and South Dakota and Montana. Other decreases include Forest Development (-$3,750,000) and Fire Equipment (-$415,000). Water Policy Implementation (-$1,500,000) and Wildlife and Parks (-$110,000) are also reduced. The Forest Development program retains $4.4 million to continue the backlog elimination program started in 1977.

Minerals, Mining, Irrigation & Power

The 1987 program includes the reduction of a one-time amount for Hopi coal lease re-negotiation efforts (-$100,000) and an increase of $960,000 in special projects which will be used in support of the overall plan to correct oil and gas royalty payment problems in the BIA. This increase is offset by a decrease of $960,000 in minerals assessments. There is also a decrease of $353,000 in irrigation operation and maintenance funding.

TRUST RESPONSIBILITIES

Indian Rights Protection

The FY 1987 program has a decrease of $315,000 in Environmental Quality Services related to completion of hazardous waste site surveys. Other reductions include: -$1,020,000 in litigation support and -$350,000 in attorney fees; reductions in Alaska for historical and cemetery sites investigations (-$1,658,000, -20 FTE); deferral of some work involving subsistence and allotments in Alaska (-$700,000, -10 FTE); Native Group Grant payments (-$412,000) and land selection cost payments (-$750,000).

Real Estate and Financial Trust Services

The FY 1987 Real Estate Services program contains an increase of +$3,937,000 (+4 FTE) which includes about $3 million for cadastral surveys, mostly in Alaska, and $718,000 for Land Records Improvement. The Financial Trust Services program contains an increase of +$450,000 which includes an increase of +$150,000 to improve trust fund investment operations and +$300,000 to develop and implement a trust fund accounting system. An increase of +$202,000 is also requested for Trust Services, General, as a result of Area Office priority changes.

FACILITIES MANAGEMENT

The reduction in funds for the operation and maintenance of existing facilities activity includes a savings due to demolitions (-$300,000) planned under the Construction Management activity, and Agency facility closings in Alaska (-$1,248,000). This reduction is partially offset by an increase (+$415,000) for operation and maintenance of newly constructed Bureau facilities.

GENERAL ADMINISTRATION

Management and Administration

An increase of +$1,048,000 and +11 FTE will finance an expected increase in costs of FTS, postage and other intra-governmental billings, travel and printing costs (+$428,000); improved fund control and program analysis (+$123,000, +3 FTE); a contract management system (+$166,000, +1 FTE); financial management system corrections (+$330,000); development of single agency classification standards and study of excepted qualification standards related to Indian preference (+$76,000); and Area Office adjustments due to priority changes (-$75,000, +7 FTE).

Employee Compensation

The proposed increase of $72,000 will be used to establish a chargeback system for Department of Labor billings for workers compensation benefits to the Bureau organization where the accident/illness occurred. This chargeback system will promote safety for the employees and produce expected monetary savings to the Bureau since managers will have greater incentive to improve their safety programs in order to reduce this expense.

ADP Services

The overall reduction is offset partially by increased funding (+$108,000) required to fully cover Central Office staff support costs. The reduction in Central System Support due to cost avoidance derived from "buy-out" of leased equipment (-$2,250,000) will be offset by proposed purchases of small ("micro") computers for pilot projects to enhance program/administrative operations (+$300,000), equipment for the Indian Integrated Resources Inventory Program (+$500,000), and equipment for Trust Fund Management (+$350,000).

Program Management

Of the +$500,000 increase, $200,000 will be applied to the Facility Safety Inspection Program to perform more frequent inspections through contract to identify life safety hazard projects in Bureau facilities and $300,000 to demolish Bureau facilities that are underutilized.

Consolidated Training Program

This increase ($1,350,000) will be used to recruit and train qualified Indians to improve the quality and efficiency of the services provided by the Bureau to tribal groups. To achieve this objective the Bureau will activate understudy, cooperative education, and in-service training programs for its employees. The funding will cover the developmental expenses such as: course fee/tuition, instructors, materials, and other specialized training/education costs. These programs will not be duplicative of those which may already exist outside of the Federal Government.

CONSTRUCTION

Buildings and Utilities

The FY 1987 request of $28,960,000 for Facilities Improvement and Repair will be used to correct unsafe conditions in existing Bureau facilities.

Irrigation Systems

The FY 1987 program contains $1,500,000 to continue funding for the Papago Irrigation Project, Arizona. Funds are requested ($1,000,000) for the Flathead Indian Irrigation Project, Montana, to rehabilitate the project's irrigation distribution system. Funding ($9,155,000) is also included for continuation of the dam safety program. This program includes providing early warning systems for ten projects and structural modifications on 13 projects. The request also includes funds for surveys and designs ($500,000) and engineering and supervision ($1,745,000) for Indian irrigation projects throughout the United States.

Housing

The FY 1987 request of $16,295,000 will continue renovation of existing homes for needy Indians on reservations and the general management of the program Bureauwide.

ROAD CONSTRUCTION

Project funds ($75,000,000) are included in contract authority allocations from the Highway Trust Fund administered by the Federal Highway Administration (FHWA), Department of Transportation, and are not included in the Interior Department budget. In FY 1987, the Bureau of Indian Affairs will continue to finance all costs of the Indian road construction program through this contract authority. These include funds for Central Office program management and for program supervision by the area/agency offices, not to exceed 5% of the total contract authority allocation. A total of 33 FTE/T is financed in this account for the field equipment pool operations which collect rentals as reimbursements for the use of BIA-owned heavy equipment used on FHWA projects. All other program FTE/T (682) will be available from the FHWA allocation account in FY 1987 to carry out work using the funding provided by the FHWA.

INDIAN LOAN GUARANTY AND INSURANCE FUND

The Indian Financing Act Amendments of 1984 authorized the Bureau to request funds for payment of interest subsidies on guaranteed loans, management and technical assistance on these loans, and to reimburse the fund for losses paid on guaranteed loans. The funds requested in FY 1987 will pay for one year's interest subsidy and for management and technical assistance in FY 1987. The expected level of total new loan guarantees is $30,000,000 in FY 1987.

ALASKA SAVINGS

In FY 1987 the budget proposes a savings of $12 million in Alaska to be derived by eliminating funding for agricultural extension, adult education, Indian child welfare (ICWA), small tribes initiative, road maintenance, minerals & mining, water resources, and facilities management. It also reflects a reduced level of activity in several other programs. The proposed savings will be partially offset by an increase of $2.5 million to accelerate surveys of Alaska Native allotments. Alaska has only one reservation; over 30 percent of Alaska Natives live in urban areas, and the remainder live in villages which can receive revenue sharing under the Alaska State law to meet their needs. Given the improvement in the State's economy which has benefited the Native economic status, the absence of large blocks of trust land holdings that the United States has statutory responsibility to fully manage, the absence of any tribal treaty rights to be protected, and improved Bureau efficiencies, the Administration believes that Alaska Natives no longer require the same levels of financial support that the Federal Government provided in the past. In the recent past, the State has taken on greater responsibility for serving Alaska Natives with educational and welfare assistance programs. It is expected this trend will continue and that the State will pick up other responsibilities to Natives as citizens of the State.

CONCLUSION

Mr. Chairman, this concludes my prepared remarks. My staff and I will be pleased to answer any questions you may have. Thank you.

MARK ANDREWS NORTH DAKOTA CHAIRMAN

BARRY GOLDWATER ARIZONA
SLADE GORTON WASHINGTON
FRANK H MURKOWSKI ALASKA
JAMES ABDNOR SOUTH DAKOTA
JOHN MELCHER MONTANA
DANIEL K INOUYE HAWAII
DENNIS DECONCINI ARIZONA
QUENTIN N BURDICK NORTH DAKOTA

PETER S TAYLOR STAFF DIRECTOR
MAX I RICHTMAN MINORITY STAFF DIRECTOR

United States Senate
SELECT COMMITTEE ON INDIAN AFFAIRS
WASHINGTON, DC 20510

February 6, 1986

3463

Honorable Donald P. Hodel
Secretary of the Interior
DEPARTMENT OF THE INTERIOR
18th & C Streets, N.W.
Washington, D.C. 20240

Dear Mr. Secretary:

In our positions on the Senate Select Committee on Indian Affairs, and because of our personal contact with our constituencies, we are very concerned about the impact of the sequestration process, mandated by Public Law 99-177 ("Gramm-Rudman"), on tribal government operations and direct services to American Indians. We are especially concerned about the effect of Gramm-Rudman on the Indian self-determination policy and the federal trust responsibility in this fiscal year and ensuing years.

In an attempt to better understand the impact of the sequestration process, we would appreciate certain information on the breakdown of the budget activities within the Bureau of Indian Affairs. To the extent feasible, we would like the breakdown of the FY'86 allocation, after sequestration, by budget activity, subactivity and program element levels and by location (Central, Area and Agency offices). We would also appreciate the breakdown at the agency levels between dollars passed through to the Tribe or Indian people by contracts or grants versus other Bureau expenses. For Fiscal Year 1987, we would like a breakdown of the same information based on the President's Budget Request for the Bureau of Indian Affairs.

Lastly, if the Bureau were prohibited for applying sequestration to tribal government operations and direct services to Indians, and for the protection/conservation of the trust resources, how and where would the Bureau apply the sequestration process? An example of how this would be done based on FY'86 would be most helpful.

Hon. Donald P. Hodel
February 6, 1986
Page 2

As you know, this Committee will hold an oversight hearing on the Fiscal Year 1987 Proposed Budget for the Bureau of Indian Affairs on February 18, 1986. We would appreciate the requested information by February 14, 1986, to allow us time to review the materials prior to the hearing.

Thank you for your cooperation in this most important matter. We look forward to your reply.

Warm regards.

3463

Sincerely,

Mark Andrews
MARK ANDREWS
Chairman

John Melcher
JOHN MELCHER
Ranking Minority Member

United States Department of the Interior
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Financial Management
BCCO #3463

FEB 14 1986

Honorable Mark Andrews
Chairman, Senate Select Committee
on Indian Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In your letter of February 6, you and Senator Melcher expressed your concerns about the impact of Public Law 99-177 ("Gramm - Rudman") on tribal government operations and direct services to American Indians. The following is the information which you requested.

Enclosed are comprehensive tables which detail by program, project, and activity the funds which are available for Bureau operations after the 4.3% reduction which was made under P.L. 99-177 and the FY 1987 budget request. As the Law states, and as further directed by the Appropriation Committees in Conference Report 99-450 making further continuing appropriations for FY 1986, the reductions were made by "program, project, and activity".

The breakdown at the agency levels between dollars passed through to the Tribe or Indian people by contracts or grants versus other Bureau expenses is not readily available and can be provided at a later date. We have estimates for the level of P.L. 93-638 contracting for FY 1986 and FY 1987; however, these amounts cover both agency funding and the funding which is not included in agency base funding, such as school operations, special law enforcement, and water management & development. We estimate the P.L. 93-638 funding in FY 1986 is $280,000,000 and in FY 1987 it will be $278,000,000. The decrease in FY 1987 reflects the proposed transfer of the Johnson O'Malley program to the Department of Education. The grant program amounts are identifiable on the attached table although sometimes grant amounts may also be included (duplicated) in the contract estimates we provided above.

If the Bureau were prohibited from applying the sequestration to tribal government operations and direct services to Indians, and for the protection/conservation of the trust resources, the sequestration amount would have to be taken from central and area office operations and agency executive direction and administrative operations. Since the total of these operations is only $74,675,000 and the required sequestration amount is $43,314,000, this action would virtually wipe out management of the Bureau and the consolidated administrative services which support all agency and school operations.

An identical letter is being sent to Senator John Melcher. We would be happy to provide you with more information if it is required.

Sincerely,

Assistant Secretary - Indian Affairs

Enclosures

	FY 1987 Request to Cong. Amount
EDUCATION	
School Operations..................	185,596
Johnson O'Malley...................	0
Continuing Education...............	20,212
Base Transfer from Dept. of Educ....	11,500
SUBTOTAL, EDUCATION...............	217,308
INDIAN SERVICES	
Tribal Government Services..........	5,604
Social Services....................	93,103
Law Enforcement....................	3,101
Self-Determination Services.........	12,262
Navajo/Hopi Settlement Program......	2,931
SUBTOTAL, INDIAN SERVICES.........	117,001
ECONOMIC DEVELOPMENT & EMPLOYMENT	
Employment Development.............	2,593
Business Enterprise Development.....	11,643
Road Maintenance...................	314
SUBTOTAL, ECONOMIC DEV. & EMPLOY..	14,550
NATURAL RESOURCES DEVELOPMENT	
Forestry & Agriculture..............	19,712
Minerals & Mining, Irrig. & Power...	15,328
SUBTOTAL, NATURAL RESOURCES DEV...	35,040
TRUST RESPONSIBILITIES	
Indian Rights Protection............	17,408
Real Estate/Financial Trust.........	12,851
SUBTOTAL, TRUST RESPONSIBILITIES..	30,259
FACILITIES MANAGEMENT..................	88,597
GENERAL ADMINISTRATION	
Management & Administration.........	31,530
ADP Services.......................	17,651
Employee Compensation Payments......	7,538
Program Management.................	6,148
Consolidated Training Programs......	1,350
SUBTOTAL, GENERAL ADMINISTRATION..	64,217
TRIBE/AGENCY OPERATIONS	
General Operations.................	184,646
Trust Operations...................	92,980
Management Operations..............	17,462
New Tribes Funding (details detrmd by '87 priorities)................	
SUBTOTAL, TRIBE/AGENCY OPERATIONS.	295,088

	FY 1987 Request to Cong. Amount
*SUBTOTAL - OIP - DIRECT PROGRAM........	862,060
Reimburseable Program...............	
*SUBTOTAL - PROGRAM OPERATIONS	862,060
IRRIGATION CONSTRUCTION.............	13,900
CONSTRUCTION B & U..................	28,960
LAND ACQUISITION....................	0
HOUSING.............................	16,296
FIRE SUPPRESSION TRANSFER	0
*SUBTOTAL, CONSTRUCTION	59,156
*SUBTOTAL, ROAD CONSTRUCTION	0
*SUBTOTAL, EASTERN IND. LAND CLAIMS	0
*SUBTOTAL, REVOLVING FUND FOR LOANS	0
*SUBTOTAL, LOAN GUARANTY	2,485
*SUBTOTAL, UTAH PAIUTE TRUST FUND	0
*SUBTOTAL, PYMT TO ALASKA ESCROW	0
***GRAND TOTAL - BIA - FEDERAL FUNDS	923,700

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
EDUCATION			
[School Operations:]			
Indian School Equal. Program			
ISEP (Formula Funds)	155,456	6,685	148,771
Ind. School Adjustment Pgm	1,466	63	1,403
Quality Education/Standards	1,500	65	1,435
Institutionalized Handicapped	2,328	100	2,228
School Board-Training	512	22	490
School Board-Expenses	723	31	692
Student Transportation	11,639	500	11,139
Technical Support—			
Agencies/Areas	7,892	339	7,553
Education-MIS	674	29	645
School Opers. Contract Support	7,188	309	6,879
SUBTOTAL, School Operations	189,378	8,143	181,235
[Johnson O'Malley Educ. Asst.:]			
All Other JOM	20,500	882	19,618
JOM Contract Support	2,544	109	2,435
SUBTOTAL, JOM	23,044	991	22,053
[Continuing Education:]			
College Student Asst.(High. Ed.)			
TR/AG	29,203	1,256	27,947
Area Offices	43	2	41
Special Higher Ed. Schlrshps.	1,939	83	1,856
Adult Education			
TR/AG	3,543	152	3,391
Area Offices	174	8	166
Post Secondary Schools	9,309	400	8,909
Tribally Control. Comm. Colleges			
TR/AG (Snyder Act Supplement)	892	38	854
Operating Grants to TCCC's	11,335	488	10,847
SUBTOTAL, Continuing Educ.	56,438	2,427	54,011
TOTAL, EDUCATION......................	268,860	11,561	257,299
INDIAN SERVICES			
[Tribal Government Services:]			
Aid to Tribal Gov't—			
Comm. Svcs. General			
TR/AG	1,093	47	1,046
Area Offices	281	12	269
C.O. Staff	315	13	302
Comm. Fire Protection (TR/AG)	828	35	793
Agriculture Extension			
TR/AG	740	32	708

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
Area Offices	0	0	0
All Other Aid to Tribal Gov't			
TR/AG	11,503	495	11,008
Area Offices	1,310	56	1,254
C.O. Staff	1,362	59	1,303
New Tribes			
Undistributed	4,176	180	3,996
TR/AG (Distributed) [NON-ADD]	0	0	0
SUBTOTAL, Aid to Tribal Gov't	21,608	929	20,679
Tribal Courts--			
TR/AG	9,119	392	8,727
Area Offices	0	0	0
Special Tribal Courts	1,506	65	1,441
SUBTOTAL, Tribal Courts	10,625	457	10,168
SUBTOTAL, Tribal Government Svcs.	32,233	1,386	30,847
[Social Services:]			
Welfare Assistance Grants--			
Regular	81,807	3,518	78,289
Solo Parent Program	108	5	103
ICWA	8,820	379	8,441
All Other Social Services--			
TR/AG	20,908	899	20,009
Area Offices	980	42	938
C.O. Staff	576	25	551
SUBTOTAL, Social Services	113,199	4,868	108,331
[Law Enforcement:]			
TR/AG	38,124	1,639	36,485
Area Offices	483	21	462
C.O. Staff	833	36	797
Police Academy (C.O.)	835	36	799
Special Law Enforcement	8,295	357	7,938
SUBTOTAL, Law Enforcement	48,570	2,089	46,481
[Self-Determination Services:]			
Self-Determ. Grants (TR/AG)	11,385	490	10,895
Training & Technical Asst.—			
TR/AG	2,024	87	1,937
Area Office (Direct Oper.)	587	25	562
C.O. Staff	533	23	510
TAAS CO STaff (1986 Transfer)	368	16	352
SUBTOTAL, Training/Tech. Asst.	3,512	151	3,361
Contract Support (Undistributed)—			
Pre-1985 Contracts	0	0	0

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
1985 New Contracts	190	8	182
1986 New Contracts	1,550	67	1,483
1987 New Contracts	0	0	0
Employee Displacement Costs	200	8	192
(Distributed-NON-ADD pre-1985)	0	0	0
SUBTOTAL, Contract Support	1,940	83	1,857
Small Tribes Initiative	4,500	193	4,307
SUBTOTAL, Self-Determ. Svcs.	21,337	917	20,420
[Navajo/Hopi Settlement Program]	2,931	126	2,805
TOTAL, INDIAN SERVICES................	218,270	9,386	208,884
ECONOMIC DEVELOPMENT & EMPLOYMENT			
[Employment Development:]			
Direct Employment—			
TR/AG	4,151	178	3,973
Area Offices	199	9	190
C.O. Staff	175	8	167
United Sioux Tribe Dev. Corp.	99	4	95
Adult Vocational Training—			
TR/AG	19,635	844	18,791
Area Offices	132	6	126
Papago Skills Center	142	6	136
Nat'l Ironworkers Trng. Prog.	437	19	418
United Tribes Ed. Tech. Center	1,231	53	1,178
Crown Point Inst. of Tech.	497	21	476
SUBTOTAL, Employment Development	26,698	1,148	25,550
[Business Enterprise Development:]			
Economic Development Grants	7,922	340	7,582
Credit & Financing—			
TR/AG	3,301	142	3,159
Area Offices	863	37	826
C.O. Staff	600	26	574
Technical Assistance	206	9	197
Indian Arts & Crafts Board	883	38	845
SUBTOTAL, Business Enterprise Dev.	13,775	592	13,183
[Road Maintenance:]			
TR/AG	22,750	979	21,771
Area Offices	54	2	52
C.O. Staff	51	2	49
Road "Sealing"	214	9	205
SUBTOTAL, Road Maintenance	23,069	992	22,077
	:		

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
TOTAL, ECONOMIC DEV. & EMPLOYMENT.....	63,542	2,732	60,810
NATURAL RESOURCES DEVELOPMENT			
[Forestry and Agriculture:]			
Natural Resources, General--			
TR/AG	1,116	48	1,068
Area Offices	243	10	233
C.O. Staff	0	0	0
Indian Integr. Res. Inven. Pgm.	1,048	45	1,003
SUBTOTAL, Nat. Res. Gen.	2,407	103	2,304
Agriculture--			
TR/AG	20,322	874	19,448
Area Offices	1,140	49	1,091
C.O. Staff	297	13	284
Prairie Dog Program	1,500	64	1,436
SUBTOTAL, Agriculture	23,259	1,000	22,259
Forestry--			
TR/AG	16,419	706	15,713
Area Offices	1,268	54	1,214
C.O. Staff	649	28	621
Forest Development	8,150	350	7,800
Timber Sale Administration	5,700	245	5,455
Forest Inventories/Plans	1,200	52	1,148
Fire Suppression	0	0	0
Fire Equipment	415	18	397
SUBTOTAL, Forestry	33,801	1,453	32,348
Water Resources--			
TR/AG	1,565	67	1,498
Area Offices	0	0	0
C.O. Staff	465	20	445
Water Mgmt. & Development	8,753	377	8,376
SUBTOTAL, Water Resources	10,783	464	10,319
Wildlife and Parks--			
TR/AG	4,419	190	4,229
Area Offices	0	0	0
C.O. Staff	445	19	426
Special Fish Mgmt. Programs--			
Western Washington (Boldt)	8,522	366	8,156
Columbia River	1,454	63	1,391
Klamath Conservation Pgm.	145	6	139
Voight Case Area	1,374	59	1,315
Michigan Settlement	0	0	0
US/Canada Pacific Salmon	1,400	60	1,340

GRAMM-RUDMAN-REDUCTIONS PRO-RATA REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
Fish Hatchery Operations	4,711	203	4,508
Former USFWS Hatcheries	453	20	433
Other Fish & Wildlife Mgmt.	2,860	123	2,737
FWS Technical Assistance	0	0	0
SUBTOTAL, Wildlife & Parks	25,783	1,109	24,674
SUBTOTAL, Forestry & Agriculture	96,033	4,129	91,904
[Minerals & Mining:]			
Minerals & Mining—			
TR/AG	1,748	75	1,673
C.O. Staff	663	29	634
Energy & Mineral Res. (MOA's)	7,078	304	6,774
Hopi Coal Lease Renegotiation	100	4	96
SUBTOTAL, Minerals & Mining	9,589	412	9,177
Irrigation O & M	7,940	342	7,598
SUBTOTAL, Minerals & Mining	17,529	754	16,775
TOTAL, NATURAL RESOURCES DEV..........	113,562	4,883	108,679
TRUST RESPONSIBILITIES			
[Indian Rights Protection:]			
Environmental Quality Svcs.—			
TR/AG	624	27	597
Area Offices	0	0	0
C.O. Staff	167	7	160
Archeological Clearances	294	13	281
Hazardous Waste	315	13	302
SUBTOTAL, Environ. Quality Svc.	1,400	60	1,340
All Other Ind. Rights Protection—			
TR/AG	4,842	208	4,634
Area Offices	535	23	512
C. O. Staff	549	24	525
ANILCA Programs	1,372	59	1,313
" Grants	412	18	394
" Land Selection Costs	750	32	718
ANCSA Cem./Historical Sites (&NPS)	1,568	67	1,501
Litigation Support	5,300	228	5,072
Water Rights Negotiation/Litig.	0	0	0
Attorneys Fees	1,850	80	1,770
Unresolved Rights Issues	1,470	63	1,407
Hunting & Fishing Rights— Michigan Settlement	660 700	28 30	632 670
SUBTOTAL, All Other Rights Protec.	20,008	860	19,148

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
SUBTOTAL, Indian Rights Protection	21,408	920	20,488
[Real Estate & Financial Trust Svc.:]			
Trust Services, General—			
TR/AG	264	11	253
ARea Offices	472	20	452
C.O. Staff	336	15	321
SUBTOTAL, Trust Services	1,072	46	1,026
Real Estate Services—			
Appraisals-			
TR/AG	3,850	166	3,684
Area Offices	66	3	63
Other Real Estate Services—			
TR/AG	15,016	646	14,370
Area Offices	1,772	76	1,696
C.O. Staff	591	25	566
Miccosuki Real Estate Program	98	4	94
Cadastral Surveys	1,037	45	992
Land Records Improvement	882	38	844
Lease Compliance	1,400	60	1,340
Land Titles & Records Office	0	0	0
SUBTOTAL, Real Estate Svcs.	24,712	1,063	23,649
Financial Trust Services—			
TR/AG	3,256	140	3,116
Area Offices	85	3	82
C.O. Staff-Trust Fund Mgmt.	317	14	303
C.O. Staff-Trust Fund Acctg.	410	18	392
SUBTOTAL, Financial Trust Svcs.	4,068	175	3,893
SUBTOTAL, Real Est./Finan. Trust	29,852	1,284	28,568
TOTAL, TRUST RESPONSIBILITIES.........	51,260	2,204	49,056
FACILITIES MANAGEMENT			
Facilities General—			
GSA Rentals	10,240	440	9,800
New GSA Rentals (TR/AG trnsfr)	0	0	0
Facilities O&M—			
Area Offices (not on IPS in '87)	2,454	106	2,348
C.O. Staff	334	14	320
Existing Fac. O&M	75,680	3,255	72,425
New Facilities O&M	460	20	440
New Direct Rent. (TR/AG trnsfr)	0	0	0
FACCOM et al.	794	34	760

GRAMM-RUDMAN-REDUCTIONS PRO-RATA REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
Facilities O&M-Contract Support	1,336	57	1,279
TOTAL, FACILITIES MANAGEMENT..........	91,298	3,926	87,372
GENERAL ADMINISTRATION			
[Management & Administration:]			
Executive Direction & EEO—			
TR/AG	7,225	311	6,914
Area Offices	2,063	89	1,974
C.O. Staff	757	32	725
SUBTOTAL, Exec. Dir. & EEO	10,045	432	9,613
Administrative Services—			
TR/AG	10,494	451	10,043
Area Offices	12,617	543	12,074
C.O. Staff—Admin.	3,415	147	3,268
C.O. Staff—Financial Mgmt.	3,797	163	3,634
Fin. Mgmt. ADP Systems (&IPS)	1,072	46	1,026
Intra-Gov't Billings	6,933	298	6,635
SUBTOTAL, Administrative Svcs.	38,328	1,648	36,680
Safety Management—			
TR/AG	333	14	319
Area Offices	100	4	96
C.O. Staff	264	12	252
SUBTOTAL, Safety Management	697	30	667
638 Oversight Staff	0	0	0
Improve Financial Systems	170	7	163
SUBTOTAL, Management & Admin.	49,240	2,117	47,123
[ADP Services:]			
C.O. Staff (Washington only)	1,005	43	962
NTSC (Albuquerque)	2,156	93	2,063
Area IMC's (Decent. Sys. Support)	2,631	113	2,518
Central System Support	8,173	351	7,822
Direct Mission System Support	3,666	158	3,508
TR/AG	95	4	91
Area Offices	208	9	199
SUBTOTAL, ADP Services	17,934	771	17,163
[Employee Compensation Payments:]			
Employee Compensation-Payments	5,563	239	5,324
Unemployment Compensation	1,915	83	1,832
SUBTOTAL, Employ. Comp. Pymts.	7,478	322	7,156

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
[Program Management:]			
Education Program Mgmt. (C.O.)	2,082	90	1,992
Construction Management—			
Program Mgmt. Staff (C.O. Staff)	2,438	105	2,333
SUBTOTAL, Program Management	4,520	195	4,325
TOTAL, GENERAL ADMINISTRATION.........	79,172	3,405	75,767
Emergency Hay Relief	5,964	256	5,708
*SUBTOTAL - OIP - DIRECT PROGRAM	891,928	38,353	853,575
IRRIGATION CONSTRUCTION			
Project Construction:			
NIIP	0	0	0
Papago Project	2,500	107	2,393
Ak Chin Project	1,400	60	1,340
Other Existing Projects	0	0	0
San Carlos Rehab/Herbicide	2,500	107	2,393
Flathead Irrigation Rehabilitation	0	0	0
Dam Safety	9,200	396	8,804
Surveys & Design	876	38	838
Engineering & Supervision—			
Area/Agency Operations	1,559	67	1,492
C.O. Staff Operations	186	8	178
TOTAL, IRRIGATION CONSTRUCTION........	18,221	783	17,438
CONSTRUCTION B & U			
Project Construction:			
Education Projects	0	0	0
Non-Education Projects	0	0	0
Program Offset (FY 1985 Deferral)	(3,000)	(129)	(2,871)
Advance Planning & Design	1,100	47	1,053
Facilities Improvement & Repair	37,265	1,603	35,662
TOTAL, CONSTRUCTION B & U.............	35,365	1,521	33,844
LAND ACQUISITION			
Mississippi Choctaw	398	17	381
Covelo Indian Community	1,988	86	1,902
TOTAL, LAND ACQUISITION...............	2,386	103	2,283

GRAMM-RUDMAN-REDUCTIONS PRO-RATA
REDUCTIONS 1986

	FY 1986 Approp. To Date	G-R-H Reduction 4.3%	1986 NET G-R-H
HOUSING			
Housing Development	2,599	112	2,487
Housing Improvement Program	19,884	855	19,029
Housing Training	123	5	118
Navajo/Hopi Housing Construction	21,870	940	20,930
TOTAL, HOUSING........................	44,476	1,912	42,564
Fire Suppression Transfer	4,900	211	4,689
*SUBTOTAL, CONSTRUCTION	105,348	4,530	100,818
*SUBTOTAL, ROAD CONSTRUCTION	0	0	0
*SUBTOTAL, EASTERN IND. LAND CLAIMS	0	0	0
*SUBTOTAL, REVOLVING FUND FOR LOANS	0	0	0
*SUBTOTAL, LOAN GUARANTY	2,197	94	2,103
*SUBTOTAL, UTAH PAIUTE TRUST FUND	0	0	0
*SUBTOTAL, PYMT TO ALASKA ESCROW	7,830	337	7,493
***GRAND TOTAL - BIA - FEDERAL FUNDS	1,007,303	43,314	963,989

Senator **Andrews**. Thank you, Mr. Secretary.

As you know, we look at these budgets and try to find out where they came from. You have had some experience with this committee. A couple of cuts affected North Dakota directly. The cut in the Wahpeton Indian School we worked out with your predecessor, Mr. Smith. We found out he had gotten pretty bad advice. Nobody had thought through the process. All of a sudden, bang, here it was—do away with the Wahpeton Indian school. It was neither cost-effective nor individual effective. Of course, finally they backed away. That was duplicated in many other parts of the country.

In the case of your predecessor, Mr. Fritz, there was a cut in the Turtle Mountain School that we looked at quite closely obviously, because we knew of it firsthand, and found out also that his information had been, shall we say, flawed. We were successful in getting him to turn that one around.

As our Indian friends say, you don't understand it until you have walked in the other man's moccasins. You know that full well. You have been the leader of a tribe. You have worked in tribal politics. You understand the needs out there.

What we have to do is cut through some of this statement that you bring for the record in support of OMB and find out where it came from.

Mr. Swimmer, you are requesting this committee $923.7 million overall. What did you ask for from OMB?

Mr. **Swimmer**. Prior to the proposed transfer of Johnson-O'Malley funds, we asked for $976,039,000.

Senator **Andrews**. So you got what would be interpreted as about a 5-percent cut prior to the transfer?

Mr. **Swimmer**. That is right.

Senator **Andrews**. Now did you initiate the transfer of Johnson-O'Malley funds? Is that an idea that came out of your workshop?

Mr. **Swimmer**. No; it didn't. That was an idea that was developed actually by the time I was on board as the Assistant Secretary.

Senator **Andrews**. Let me go a little further. Did it come out of your shop? Did it come out of the shop that you now command?

Mr. **Swimmer**. No.

Senator **Andrews**. In other words, it came from some group of money munchers that wouldn't know the difference between a Johnson-O'Malley dollar and a highway construction dollar?

Mr. **Swimmer**. Well, I can't say that.

Senator **Andrews**. Well, I know you can't say it, but the point is——[Laughter.]

Mr. **Swimmer**. I can't confirm or deny. I think that there was certainly some work done with the Department of Education. As far as I know, some of our people were involved in some planning, but it is my understanding that it did not originate in our shop.

Senator **Andrews**. Well, let us be totally candid about this. We all know that we have to make due with a very limited amount of dollars around this place. What we are talking about in the case of Johnson-O'Malley or any other educational funds for native Americans, we're talking about investment spending rather than "spending spending," because if these programs can be run successfully, they are indeed and in fact an investment in the future ability of these Indian young people to contribute to our society in a much more meaningful way.

Mr. **Swimmer**. That is correct.

Senator **Andrews**. Now we have to find out how they are being spent so that they are spent in the wisest possible way we can spend them.

Do you feel that this new suggestion is going to work better dollar for dollar and give us, in essence, more bang for the buck than Johnson-O'Malley did, which has been around for a long time?

Mr. **Swimmer**. I think it will. Incorporated in the way in which we are proposing that it be done—and this is, again, in consultation with the Department of Education and will be in the authorizing language—the way Johnson-O'Malley is distributed now, it is basically done on a per capita head count of quarter blood Indian people or above. The title IV money is fairly loosely distributed to Indian citizens who in some cases self identify as being Indian people, and we know that the total numbers of both the title IV and the Johnson-O'Malley people give us a population that we serve.

In our studies we have shown, in doing just some random sampling so far, that about 45 percent of all public school districts receive both sets of money; and that in many cases we have those children living in more urban areas, not that they shouldn't be entitled to receive education funds as the needs are there, but that they are receiving double funds. They receive both JOM and title IV. If the targeting can happen so that there is a pot of money at Education that can be used for the special needs of the Indian students and this targeting can be done not only by population, but by limits on economic situations, relative isolation, and educational disadvantage, we believe that more of the money will get to on or near reservation areas, reservation students, and serve the needs of the students who are in the greatest need, and not be spent in areas where there might be less need.

Right now where both agencies fund a part of the same or similar money that goes in to target the special needs of the children, that in fact there is some duplication that is not getting the money all the time where it's needed.

Senator **Andrews**. Well, do you plan, Mr. Secretary, to attempt to transfer this Johnson-O'Malley money, title IV money, back and forth to the Department of Education without legislative authority?

Mr. **Swimmer**. No, sir. No, we don't.

Senator **Andrews**. So you don't plan to transfer it through the Appropriations Committee rather than the Select Committee and the House Education Committee?

Mr. **Swimmer**. No, we would plan to——

Senator **Andrews**. Seek authorization for it?

Mr. **Swimmer**. I believe the Department of Education will seek authorization for it, and it will be in that authorizing language where these special situations will be set forth.

Senator **Andrews**. In this sector that brings, then, another thought to mind: No legislation has been enacted to accomplish this proposed transfer, may not be enacted prior to fiscal 1987. If there is no legislative transfer, wouldn't the special higher education program be terminated due to your failure to request any funding for fiscal 1987?

Mr. SWIMMER. The funded program of the Bureau of Indian Affairs would be, but we have the $11.5 million that is being transferred from Education already in our budget. That transfer has been made, and out of that we are funding $2 million for higher education special grants.

There is an overall reduction, yes.

Senator ANDREWS. Well, that is fine. I mean, you are making magic with these figures, but you haven't got the authority yet to do that transfer back and forth.

Mr. SWIMMER. We don't have the authority on Johnson-O'Malley but I believe we do have the authority on the $11.5 million from Education.

Senator ANDREWS. And you feel that, in essence, this transfer back from the Department of Education, if enacted by the Appropriations Committee, will give you enough funds to hold harmless the program formerly known as Johnson-O'Malley?

Mr. SWIMMER. No. No, that——

Senator ANDREWS. No, that is fine. I don't want to go any further than that.

Now even if legislation is enacted, based on your budget request, wouldn't the graduate fellowships, scholarships, be below the combined total of title IV and BIA for fiscal 1986?

Mr. SWIMMER. Yes.

Senator ANDREWS. By how much?

Mr. SWIMMER. Approximately $1.9 million.

Senator ANDREWS. In the budget justification, page 64, you estimate a decrease in student count for fiscal 1987, thus showing that the amount requested, which is lower than appropriated in fiscal 1986, will allow funding per student at the same level as in fiscal 1986; yet, the colleges historically, and as cited by even the budget justification, have seen increases in enrollment each year.

How do you get that? Have you been reading more of Lewis Carroll's novels? [Laughter.]

"The Smoke of Mirrors" or "Through the Looking Glass" or what?

Mr. SWIMMER. I think we're getting into the tribally controlled community college funding and off of the higher education funding; is that true?

Senator ANDREWS. Sure.

Mr. SWIMMER. Is that what you want to——

Senator ANDREWS. But I am wondering how you are going to do more with less.

Mr. SWIMMER. Well, we, in fact, don't expect to have the enrollment continue to increase as it has in the tribally controlled community colleges. The reason we don't is that we anticipate that very shortly we will get regulations published that will determine the eligibility for students going to those schools and the requirements for maintaining their position in those schools.

Senator ANDREWS. You are working, then, on new regulations that will cut down the number of Indian students who are eligible to participate in the community college program?

Mr. SWIMMER. It would have that effect, especially those students who are going into the college without a GED or a high school diploma. We believe that these should be prerequisites to getting into a college. We also believe that maintaining a passing grade should be a prerequisite to staying in the college.

With these kinds of rules in place which are not something that is unusual in higher education, we believe that there will, in fact, be a reduction overall of students that are in the community college system.

Senator ANDREWS. But you are going to go back and use as a prerequisite not the individual ability of the person, but the opportunity that person may have been denied to get this high school certificate we are talking about?

As an original cosponsor of the community college concept, that is pretty close to my heart. Our feeling when we put it into effect was that this was going to provide the opportunity—again that unique word "opportunity"—to Indian students who hadn't had sufficient opportunity at the elementary and secondary level to be some sort of a halfway house from which they could get the preparation to then move on to a college or a university.

Our INAD, for instance, has Indian students who are typically at the top of the class. Our daughter was in medical school and she said her Indian classmates were typically the top of the class but they were uniformly about 10 years older than their classmates because it took that much time to play catchup.

Now what I am beginning to feel is that you are removing the opportunity of these uniquely gifted Indian students to move ahead if you arbitrarily say that, because you weren't able to avail yourself of the advantage of getting the proper high school education, you don't have this proper certificate, no way are we going to put you in this community college or let you go into this community college, irrespective of your native ability and your desire to get ahead.

What kind of a backward step is this? Or am I reading it totally wrong?

Mr. SWIMMER. Well, I don't really regard it as a backward step. I think that what we are talking about is the quality of education that a student is going to receive. If he is put into a college level course and he has not been able to succeed yet in completing the high school education, he probably won't be able to succeed at the college level.

Senator ANDREWS. You are then telling us that the INAD Program and the Indian Community Colleges Program, which have taken these young Americans who have been denied access to an adequate secondary education, that the success stories we are seeing in these community colleges are now going to be terminated?

Mr. SWIMMER. Not at all. I think that the success stories that you see in the community colleges are very real and in INAD are very real and that these are students that certainly have a desire and the intellect to succeed.

What I am saying is that we need to address the special needs of the students at an earlier level than by the time they get into college. If they don't have the GED or a high school diploma, then we need to work with them on that.

Senator **Andrews**. But if BIA cuts the funding for its high schools, you are taking this young person who has the native ability, has the drive to move ahead, and you are saying, because we failed you in offering the opportunity in having an appropriate high school with the right kind of an atmosphere, we are going to shove you back to that same high school. They are not going to get a second chance because they are not going to be able to move as high school students to one of the better high schools. Their only chance to get ahead is, as I say, the halfway house, and maybe that is the wrong way to look at community colleges but in a way they serve that. You are, in essence, saying go back to the same high school that shortchanged you in the first place and we'll wait until we hear from you again.

Mr. **Swimmer**. No; I am suggesting that we have available alternative forms of education. If the high school is not able to do the job, then we would have to do it through some kind of an adult education program.

Senator **Andrews**. Would you provide for the record at this point what those alternative forms are and why they would be more cost-effective than the Indian community colleges, which seem to be working at the present time?

Mr. **Swimmer**. Well, yes.

[At the request of Senator Andrews, the following additional information was submitted by Mr. Swimmer for inclusion in the record:]

ALTERNATIVE FORMS OF EDUCATION

GED, Adult Education, and vocational education programs could be alternatives to attendance at TCCCs. While detailed cost analyses have not been conducted, the Bureau believes these programs would be more cost effective because the students would participate only in those courses directly related to an identified career or educational objective. Aside from the question of cost effectiveness, more important is the question of appropriateness. The Bureau believes that students preparing to attend community colleges should first demonstrate an ability to complete a high school diploma or equivalent.

Mr. **Swimmer**. The only things I know of directly are through both the Adult Education Program and then the Department of Labor programs such as jobs training that does provide assistance for people trying to get in job training to get——

Senator **Andrews**. I know they are out there and they may work, but I want to find out why they would be more cost-effective and why, in your mind, they work better than the community colleges.

Mr. **Swimmer**. Perhaps it is just a misunderstanding on my part about the role of the community college. I had been more under the impression that it was to offer the opportunity of students to get a higher education than it was to do remedial work, high school work that they failed to get.

If we are going to address it as remedial education, then that is the way it will have to be, but we still have a number of students who are, in fact, desirous of higher education that excel in the community college and that go on into 4-year colleges.

Senator **Andrews**. Let me point out, Mr. Secretary, that the committee has been of the feeling that over the years the young Indian student who is about ready agewise, if not through educational preparation, to go on to a college or university or a trade school had that desire and that drive and that initiative, which is also a part of the package, would go to a university away from the reservation or go to our State school of science, for instance, and find himself or herself at sea, and after 3 or 4 or 5 months would drop out and come back, then, in effect, go back to the blanket, stay on the reservation, not be availed of that education. We have found that that same student—and that was the success story of the community college—with a year or two in the community college, whether you call it remedial education or whether you call it supportive because it is in the community, was better prepared and then they went to whatever program they were desirous of following, whether it was the INAD Program, which for a very few it has been, and that has been a success story, and this committee has held hearings on that, or whether it has been in some trade or just in ordinary college, whatever. These success stories, of course, have been well defined, and now you're all of a sudden telling us that there's a better way.

All I am saying is—and I don't want to take too much time in this hearing because we have a number of other witnesses—but we are interested in the reason for it, and if you could provide for the record a little bit more information on why, it would be helpful.

Now while you estimate the FTE count for fiscal 1986 to 2,912, which is the actual student count for the fall of 1985, the colleges estimate the final fiscal 1986 FTE count to be 3,000. The colleges also estimate their fiscal 1987 FTE count to be 3,100 as opposed to the BIA estimate of 2,742. In the past, Mr. Secretary, we have found that the colleges are closer to the true count than the BIA.

Now here, again, because we have watched closely, this story of the Indian students availing themselves of this opportunity, and we have been extremely proud that we have had a growth curve. The colleges are saying that growth curve will continue; you are saying it's going to take a nosedive. You have a 2,742 figure; the colleges have a 3,100 figure. That's about a 12- or 14-percent differential.

Could you provide additional information as to why we should take your figure instead of the figure of the colleges?

Mr. SWIMMER. Sure.

[At the request of Senator Andrews, the following additional information was submitted by Mr. Swimmer for inclusion in the record:]

BUREAU FTE PROJECTIONS

The FTE projection for FY 1987 is based on implementation of the proposed regulations which would require students to have a GED or high school diploma, make satisfactory progress, and maintain a 2.0 grade point average.

As stated in the budget justification, the Bureau expects a reduction in FTE in FY 1987 because up to 15 percent of the presently enrolled students may become ineligible for funding because they would not meet the new criteria.

Senator ANDREWS. And, then, based on your FTE projection, the decrease in total funding will not affect the per-student dollar which would remain constant in fiscal 1987. However, even if the FTE were to remain that projected in fiscal 1986, the 2,912, the per-dollar amount would decrease from 2,542 to 2,395. If the FTE for fiscal 1987 is what the colleges estimate, 3,100 FTE, the per-dollar amount would decrease to 2,250.

How do you expect the colleges to carry on with the continued large decreases to their operation based on your FTE dollars?

Mr. **Swimmer**. They would not be able to keep the same level of service if they actually have the increase——

Senator **Andrews**. Well, no. Do you suppose that the Indian student, once they get to a college, should be denied the same level of service that their classmates have?

Mr. **Swimmer**. No.

Senator **Andrews**. Mr. Secretary, we have a whole raft of questions here that I put together and the staff has put together which we would like to submit for the record, so that we can get a more complete record. We colleagues on the committee, particularly Senator Murkowski and, I am sure, Senator Melcher, have questions that they would like to ask for the record, too. We will get them to you. If we can get them back in 1 week, because we have a February 25 filing date, we would appreciate that very much.

Mr. **Swimmer**. Sure.

[The following additional written questions were submitted to the Bureau of Indian Affairs and appear with the Bureau's responses:]

Questions Submitted by Senator Andrews

Question 1: The Special Higher Education program, funded in FY 1986 at $1,939,000, is slated for termination assuming the transfer of certain Title IV program dollars as outlined under the new "Education Enrichment and Advancement Program."

However, no legislation has been enacted to accomplish this proposed transfer and may not be enacted prior to FY 1987. If there is no legislative transfer, would the Special Higher Education program be terminated due to your failure to request funding in FY 1987?

Even if legislation is enacted, based on your budget request, would not the graduate fellowships/scholarships be below the combined total of Title IV and BIA for FY 1986? If so, by what amount?

Answer: The Snyder Act authority is broad enough for the Bureau to operate these programs, and no new legislation will be required.

A comparison between FY 1986 and FY 1987 shows an increase in total funds as follows:

	FY 1986 Adjusted for G-R-H	FY 1987 Request
Bureau of Indian Affairs:		
Scholarships (graduate and under graduates) 1/	27,947	29,916
Special Graduate Scholarships	1,856	2,000
Subtotal	29,803	31,916
Department of Education:		
Undergraduate Scholarships	489	--
Graduate Scholarships	909	--
Subtotal	1,398	--
Total	31,201	31,916

1/ Approximately 10 percent of these funds are for graduate scholarships.

Question 2: I understand that you intend to let only one contract for FY 1986 for the Special Higher Education programs, rather than two contracts as has been done in the past. Have you contracted for this program yet? If not, when do you expect to let the contract?

Answer: The proposal was advertised in the Commerce Business Daily, and Requests for Proposals (RFPs) will be mailed March 3, 1986 to all interested bidders. The offers are due back by April 1, and we expect to issue the contract by April 15.

Question 3: The request for the Post-Secondary Schools, Haskell, IAIA and SIPI, is the same as appropriated in FY 1986, and thus would be an increase over the post-Gramm-Rudman level. Is that correct?

Answer: Yes.

Question 4: You state that the dorms at these Post-Secondary Schools are at capacity. Are the classrooms, the number of students attending the schools as compared with the number that could be accommodated academically, at capacity?

If not, do you expect to request monies for construction of additional dormitories in the near future?

Are you reviewing or do you plan to review the need for additional living quarters for students at Haskell, IAIA and SIPI?

Answer: The schools are not at capacity academically. Given the competing priorities for funds, the Bureau has no plans to request funds for construction of additional dormitories at the post secondary schools.

Question 5: You have requested a moratorium on new contract school starts. I understand that this applies only to new, as opposed to currently funded BIA schools. Why have you made this request?

Will there be any request for waivers should you receive this authority?

There is a school at the Sisseton-Wahpeton Tribe in South Dakota that has been trying to obtain a contract with the BIA for the past few years? What is the status of their application and how will a moratorium on new contract school starts affect that school?

Answer: The Bureau has requested a moratorium on new contract school starts until final regulations on new school starts are in place. Since any waivers would be requested by tribes, we cannot determine whether or not there will be any requests.

Options for the Sisseton-Wahpeton school application are being reviewed by the Bureau. However, since the Bureau is currently in litigation with the Sisseton-Wahpeton Tribe on this issue, it would be inappropriate for us to comment any further.

Question 6: Has the BIA ever considered forward funding the BIA and contract schools?

Would this be a possible solution to the problem of getting funding to the schools in a timely fashion, since, as I understand it, late payments appear to be a consistent problem for the schools?

Answer: In order to forward fund the schools, Congress would have to appropriate funds for an additional quarter in the first year of implementing forward funding. This would have a significant budgetary impact in that year.

Administratively, the Bureau could expedite the allotment process, if the appropriations act were signed by October 1, by distributing funds using the student count from the prior year, an action which Indian country has not indicated they would accept. Since many schools do not start until after Labor Day, the student count for the current year cannot be taken until the last week in September. The processing of the data manually for 40,000 students usually requires 60 days.

The schools received FY 1986 planning figures in April 1985. Three factors, beyond the control of the Bureau, delayed development of the final FY 1986 calculation until early February: 1) The appropriations act was not signed until December 19, 1985; 2) the passage of the Gramm-Rudman-Hollings Act required recalculation of the allocations; and 3) passage on December 28, 1985 of Public Law 99-228 which redefined "eligible Indian students" and required a recount of students.

Question 7: Each year I ask the BIA why funds for Title III of the Tribally Controlled Community College Act, the Endowment Fund, have not been requested. An each year I am told that the reason is that there are no regulations yet in place. I am also promised that the regulations will be issued in the near future. What is the status of these regulations?

Answer: We feel it is appropriate for the new Assistant Secretary and the new Director, Office of Indian Education Programs (OIEP), to have an opportunity to review the draft proposed regulations before they are submitted for review by the Department and OMB. Also, Dr. Henrietta Whiteman, the new OIEP Director, will be meeting in early March to discuss the draft proposed regulations with representatives of the tribally-controlled community colleges. After this discussion, the regulations will be submitted to the Department and OMB for review prior to publication, for public comment, in the Federal Register.

Question 8: I also ask, each year, why the BIA has failed to request forward funding for the colleges. Again, there appears to be a problem with issuing the regulations governing the new method of counting students, authorized in the Tribal College Act. What is the status of these regulations?

If you can project the conversion of the Full Time Equivalent count to the new Indian Student Count, as you have done in the Budget Justification, why have you not asked for forward funding based on this projection?

Answer: Public Law 98-192 provides the authority to forward fund the colleges. Thus far the Bureau has not requested funding, nor has the Congress appropriated sufficient funds, to permit forward funding which would have a significant budgetary impact in the "transition" year.

Question 9: I note that you request a decrease in funding for the Title I Tribal Colleges of $432,000, the same dollar amount as that increase, minus the Gramm-Rudman sequestration, given in FY 1986 by Congress. Why have you requested the decrease in funding for Title I schools, and only the Title I schools.

Answer: The $432,000 reduction is related to reduced FTE at Title I schools. Since the Navajo Community College is not funded on an FTE basis, a change in FTE would not affect its funding.

Question 10: In the Budget Justification (p. 64) you estimate a decrease in student count for FY 1987 and thus show that the amount requested, which is lower than appropriated in FY 1986, would allow funding per student at the same level as in FY 1986. Yet, the Colleges historically, and as cited by you in the Budget Justification, have seen increases in enrollment each year.

While you estimate the FTE count for FY 1986 to be 2,912, which is the actual student count for the fall, 1985, the Colleges also estimate the final FY 1986 FTE count to be 3,000. The Colleges also estimate their FY 1987 count to be 3,100 as opposed to the BIA estimate of 2,742. In the past, Mr. Secretary, I have learned that the Colleges are closer to the true count than the BIA.

Please explain your justification for the FY 1987 FTE projection of 2,742.

If they refer to the Inspector General's report and concerns — have you given the Colleges an opportunity to respond to these concerns?

Based on your FTE projection, the decrease in total funding would not affect the per student dollar, which would remain constant in FY 1987. However, even if the FTE were to remain that projected in FY 1986 of 2,912 the per dollar amount would decrease from $2,543 to $2,395. And if the FTE for FY 1987 is what the Colleges estimate, 3,100 FTE the per dollar amount would decrease to $2,250.

How do you expect the Colleges to carry-on with the continued, large decreases to their operation based on FTE dollars?

Answer: The FTE projection for FY 1987 is based on implementation of the proposed regulations which would require students to have a GED or high school diploma, make satisfactory progress, and maintain a 2.0 grade point average.

As stated in the budget justification, the Bureau expects a reduction in FTE in FY 1987 because up to 15 percent of the presently enrolled students may become ineligible for funding because they would not meet the new criteria.

The operating grants provided to the tribally-controlled community colleges were never intended to be full funding for operation of the colleges. The grants serve as seed money for tribal colleges to obtain additional financial assistance from other sources to complement their total budget. The FY 1985 House report confirmed that "beyond the basic level of funding (for TCCCs), the Committee believes the colleges must look to other resources..."

Question 11: One last question on the Tribal Colleges. You state you are concerned about the Inspector General's report and the questions raised concerning the Colleges counting of students without high school diplomas or GEDs, attendance at class, and lack of a 2.0 average or failure to complete a class.

However, many of these colleges are accredited and satisfy requirements under the Higher Education Act for funding for their institutions and students. Would you require tighter controls for counting students than that of accreditation boards or the Department of Education, and if so, why?

Answer: Accreditation does not address level of student achievement. It only requires assurance that (1) certain courses are being taught, (2) staff are state certified, (3) an appropriate number of library books are available, etc. We believe that TCCCs should prepare students for either entering the job market or transferring to a four year college or university. Information provided to the Bureau is that most universities and colleges will not transfer a student with less than a 2.0 average. An informal survey of the TCCCs indicates that more than one-half of them already require a 2.0 average grade.

Question 12: I am not going to get into all the ifs and buts about the proposed transfer of the Johnson O'Malley and Title IV programs as I plan to question you in detail when the legislation is proposed by the Administration. However, I am concerned that the transfer of dollars of JOM includes the amounts for contract support for tribes and tribal organizations contracting JOM. Apparently, the Administrative proposal does not include any option for tribal contracting of the new "Part A" program. Why are you transferring contract support monies if there will be no tribal contracting in the Department of Education's program?

Answer: Contract support funds are not included in the amount proposed for transfer to the U.S. Department of Education. Also, we are continuing discussions with the Department of Education concerning the opportunity for tribes or Indian organizations to contract for the program.

Question 13: Under the proposed transfer, which is reflected in your new Education Enrichment and Advancement Program, won't the BIA experience a dramatic increase in funding, especially under the $9,500,000 transfer for special programs, since currently these programs go out by grant and may change yearly in the recipient, some recipients not being part of the BIA service population?

Answer: No. While the total funding level for Part A of Title IV is approximately $50 million, only $4.4 million was earmarked for BIA-funded contract schools. The remaining dollars go only to public schools. The $4.4 million is proposed for transfer to the Bureau of Indian Affairs.

Of the approximately $6 million for elementary and secondary students under Part B, approximately $2 million is for BIA-funded contract schools.

Therefore, in FY 1986 approximately $6.4 million is already going to BIA contract schools. The $9.5 million in FY 1987 will be available on a competitive basis to all 180 BIA-funded schools rather than only the 64 contract schools which are eligible under Title IV.

Question 14: The BIA requests a decrease for implementation of education standards, based on the intention to implement the standards in FY 1986. How far along is the BIA in its evaluation of dormitories in relation to the dormitory standards?

Do you expect to seek monies to bring those dormitories found to be in violation of the new space and privacy standards up to par or to build new dorms where needed?

What will happen at schools where the dorm standards cannot be met without renovation or new construction, for example, Flandreau Indian School?

Answer: The Bureau has begun the process of validating the compliance status reports submitted by the schools. When this review is completed, the Bureau will be in a better position to assess the total needs and develop an implementation plan. No action will be taken at any school until this assessment is completed. Under the standards, a possible alternative to renovation/new construction would be a limitation on enrollment.

Question 15: The BIA has requested a decrease of $115,000 for Special Tribal Courts, to provide training and technical assistance. However, your

workload data indicates that more training is required in FY 1987 than in FY 1986. Why is there a decrease if those figures are correct?

Answer: Training for court personnel will not be decreased in FY 1987. The $115,000 decrease in the Special Tribal Courts line court reflects a transfer of funding to the FY 1987 Tribe/Agency Base for tribal courts. Rosebud Tribal Court will $50,000, Pine Ridge $50,000, and the Intertribal Court of Appeals $15,000. The projected increase in training in FY 1987 represents attendance at Bureau-funded training sessions by tribal personnel, at their expense or the tribe's expense.

Question 16: You seem to continually underestimate the amount needed for new contracts each year. How did you develop the estimate for FY 1987 new contracts and required contract support?

Answer: Beginning with our Fiscal Year 1987 budget submission, we are basing our estimate of contract support fund (CSF) needs for new contracts using our most recent actual experience, which is Fiscal Year 1985. In FY 1985 we encountered an increase of over $2.5 million in CSF needs. Based on this experience analysis, we are requesting CSF at a $2.1 million level to cover approximately $13 million in anticipated new FY 1987 contracts.

Question 17: The request for Small Tribes Core Mangement is less than the FY 1986 Appropriated level by $1,679,000, with $679,000 of that being for the phase-out of the Juneau Area. You refer to "maintenance levels" for these grants, yet you request $1 million less than received last year (1986). You also mention that the area offices can adjust these grants by awarding fewer grants or reducing the amount or both. What will be the actual effect of this decrease of $1 million on this program? What is your definition of "maintenance level"?

Answer: As indicated, the effect of the $1 million decrease would be, to reduce the number of grants awarded, or the amount of many grants. To take one approach or the other would mean a decrease of approximately 33 grants, or a 26 percent reduction for each grant. (Note the $1 million is taken from a base of $3,821,000 when the Alaska program is excluded.) Rather than arbitrarily decreasing the number of grants or grant levels, we have asked the area offices to use their best judgment in transitioning the program to a maintenance level.

By maintenance level we refer to the funding required to consolidate and perpetuate gains made under the program to date. In most instances this requires less funding than what was needed for initial core mangement grants, since the start-up costs of designing and establishing management and administrative systems generally exceed costs of maintaining those systems once they are in place. Operating the program at a maintenance level should not be interpreted to mean that funds will be requested at the same level every year. In the long run, in fact, costs of this program should continue to decline as small tribes establish management systems and shift to reliance on contract support funds to finance them.

Question 18: Under the Water Management and Development program, you state (p. 132) "because of the non-availability of funds for developing active water use and therefore no immediate need for water development planning funds" no monies are requested. Please explain why there is no monies for developing active water use?

Answer: Under the Indian Priority System, tribes may designate Tribe/Agency funds for use in water development and planning activities if they feel that these are important for their reservations. The FY 1987 budget contains $1,565 million for this purpose.

Our decision to not propose Bureau-wide funding for the water development and planning was based a determination that emphasis should be placed on protection of tribal reserved water rights. Funds are requested in FY 1987 in the Rights Protection section of the budget for the protection of reserved water rights held by Indian tribes. Because every Indian tribe's water rights are potentially at risk due to Supreme Court decisions allowing states to file general stream adjudications, it was our determination that protection of those rights should be our first priority.

Question 19: Under Minerals and Mining, there is no request for monies to fund tribal projects, which received some $485,000 in FY 1986. Why are no monies requested for tribal projects?

Answer: As yet, no requests have been received from tribes for special projects during FY 1987. In 1986, only five requests were received. Two are funded by the $485,000 in the budget; two others were of such magnitude that we could not fund them at this time; and the fifth poses a legal question that needs further analysis. The Bureau's Division of Energy and Minerals is planning to evaluate the present system of project selection and restructure priorities, as appropriate, to encourage increased tribal project participation. Certain funds could be utilized for these projects in lieu of some of the effort currently planned with Geological Survey and the Bureau of Mines, depending on proposed project feasibility, and the relative priority of the projects.

Question 20: $432,000 is requested for the Council of Energy and Resource Tribes. However, the BIA states that "the final amount will be determined at negotiation time for contract renewal." (p. 150) When will the contract with CERT be renewed?

If the negotiated amount is below the $432,000 requested, what will the BIA do with the "extra" monies?

If the negotiated amount is higher than the amount requested, where will the BIA get the monies for the CERT contract?

Answer: The contract with CERT has been under discussion and review, but final decisions regarding funding for this year (FY 1986) have not yet been made. If the final amount is less than $432,000, the funds made available to us by that decision would be used for additional Phase II studies or for tribal projects. Past experience and discussions with CERT, who are aware of our budget limitations, would not lead us to anticipate that the contract amount will exceed $432,000. Furthermore, our intention has been to gradually decrease the CERT funding.

Question 21: The FY 1986 Continuing Resolution appropriated $315,000 within available funds within the Trust Responsibilities Account for surveys for hazardous waste. You refer to this appropriation as a "one-time" appropriation, but will you be able to accomplish the survey and required testing in FY 1986?

Answer: Part of the $315,000 earmarked by the Congress in FY 1986 will be used to perform preliminary assessments and site investigations of all 17 currently identified hazardous waste sites located on Indian reservations. A limited number of those sites determined as highest priority will then receive full assessment and investigation financed by the remaining funds. Results of these evaluations will indicate which sites will require future investigation and feasibility studies for final site cleanup activities.

Question 22: Last year, during the Subcommittee on Interior Appropriations Hearing, Chairman McClure expressed concern a concern that I share, about the use of minors' Individual Indian Monies Accounts.

What safeguards are in place to assure that the minors' IIM accounts are not used by parents or guardians illegally or in violation of a normal fiduciary or trust relationship? Are there any regulations or guidelines regarding withdrawal of minors' accounts? Who makes the decision as to withdrawal of these accounts?

Answer: Funds of minors are disbursed according to plans approved by the Superintendent. The Superintendent may, if the plan appears not to be in the best interest of the minor, investigate the circumstances and modify the plan, if warranted.

The regulations regarding minors' accounts are found at 25 CFR 115.4.

The Superintendent of the Agency where the accounts are maintained is responsible for approving withdrawals from the accounts.

Question 23: Under the Facilities Operation and Maintenance account, you provide basic facility operating services to existing BIA owned and/or operated facilities and previously private schools now funded by the BIA. Are many of these monies available for operating services of facilities now turned over to the tribes and used by the tribes for certain BIA funded-contracted programs, e.g., contract schools or jails? If not, why not?

Answer: Under the Facilities Operation and Maintenance account, funds are included for schools and jails contracted under P.L. 93-638.

Question 24: You have included a new activity called "Tribal/Agency Operations" in this year's budget justification. It appears that the total dollars requested for this activity are more than the FY 1986 level post-Gramm-Rudman sequestration, but less than the FY 1986 appropriated level. Is this true?

Could you please provide us with a list, by activity, subactivity and program element of all programs affected by this new Tribal/Agency account and include a listing of the dollars appropriated for each program in FY 1986, the post-Gramm-Rudman level and the FY 1987 requested level?

Answer: The total dollars requested for FY 1987 are $6,625,000 more than the FY 1986 level post-Gramm-Rudman sequestration but the total FY 1987 request is $6,336,000 less than the FY 1986 appropriated level. This decrease is the reduction taken for operations in Alaska. Attached (Attachment #1) is a copy of the cross-walk provided to the Appropriations Committees as part of the

FY 1987 budget process. The cross-walk displays the current and proposed structure using FY 1986 appropriations (pre-Gramm-Rudman) as the funding amounts.

Attachment #2 is a table which compares funding and staffing for the FY 1986 appropriated level and 1986 post-Gramm-Rudman amounts, with the 1987 request for all the programs included in the new tribe/agency budget activity.

Question 25: You do not request any advance planning and design monies for FY 1987, stating (p. 274) "since the planning and design work for construction projects funded through FY 1987 has been completed." Please explain this statement, as I do not understand what was funded through FY 1987, as $1,100,000 was appropriated for planning and design in FY 1986, to be completed in FY 1986.

Answer: We agree that the statement which the Committee has quoted is unclear. First, the quoted sentence should have referred to the planning and design work for construction projects through FY 1986, not FY 1987. Secondly, what we intend to convey was our conclusion that it would be inappropriate to request planning and design funds for FY 1987, given the unlikelihood that additional construction funds over and above those required for projects which were under design already would be made available. Funds for new construction are lower priority than funds for repair work for the foreseeable future. Therefore, we believe it would be inappropriate to rquest, and engage in, future planning and design work in FY 1987.

Question 26: You also request no monies for actual construction in FY 1987 for schools, such as the Turtle Mountain Middle School, for which planning and design monies were appropriated in FY 1986. Assuming their planning and development is done in FY 1986, the projected cost for construction will be based on the estimated costs for materials, etc., in FY 1987. Should you wait to seek construction monies for this project until FY 1988, the dollars will be cut off if inflation continues.

Why have you requested no monies for the construction of that school and the other projects funded for planning and development in 1986. You note (p. 275) that you are shifting the thrust from construction of new facilities to improving and repairing existing facilities, but at Turtle Mountain the Middle School was destroyed by fire in the late fall of 1985, thus there is very little, if anything to repair.

Also, you request no monies for the construction of schools at Rocky Boy and Flathead in Montana. The planning and development for these schools were funded in FY 1985, and completed in that year. Due to some confusion, there was a Congressional attempt, which originated in the House, to only fund modular construction at these school site — an attempt which failed, but resulted in no moines for constructing these schools. What is the BIA doing to work with these tribes on obtaining construction funding, and why has the Bureau not requested any money for the construction at these two sites?

Answer: In light of the budget deficit and subsequent Administration policy to delay new construction, it was determined that a higher priority should be placed on the repair of existing facilities than on new construction.

Therefore, no additional new construction funds are requested at this time. The fire at Turtle Mountain Elementary and Middle School resulted in the need for complete reconstruction of the middle school, kitchen, and dining room.

Funds in the amount of $612,400 were reprogrammed to allow the Bureau to take emergency actions to keep the middle school operating, which included teaching students in two shifts in the new high school and undamaged portion of school, securing portable classrooms, cleanup of smoke and water damage, and replacing library and classroom furniture and school supplies.

Question 27: It appears that the BIA has requested irrigation construction monies only for repairs and on-going projects. Do you have a priority list for new construction of irrigation projects, if so, please furnish us with a copy. What is the estimate of the monies needed for new construction of irrigation systems in FY 1987, if you were to fund the first two or three on the priority list?

Answer: Each Area of the Bureau has a priority listing for irrigation construction projects in their area. These are projects on which rehabilitation or renovation is needed. There are also other projects on which construction has started that will need added funds to complete additional phases or units. Based on the information in these lists, seven projects are listed below, in priority order, as well as the funding for each:

	(In Millions)
Navajo Indian Irrigation Project	$8.3 to complete Block 6
White Mountain Apache, Arizona	5.0 to continue construction of Miner Flat Dam.
Crow Creek Sioux, South Dakota	1.6 for extension of project
Lower Brule Sioux, South Dakota	.5 for extension of project
Fort McDowell, Arizona	2.0 to extend project
Tule River, California	.8 to extend project
Ute Mountain, Colorado	2.0 to commence on-reservation portion of the Delores Reclamation Project.

Question 28: The BIA has again requested no monies to continue the Navajo Indian Irrigation Project (NIIP) in FY 1987. The last monies appropriated for NIIP were in FY 1985, and were stalled in delivery by the BIA for quite some time. NIIP was authorized in 1962, under P.L. 87-483, in recognition of an agreement between the Navajo Nation, the State of New Mexico, and the United States. Yet to date, the project had not been completed. Why has the BIA failed to request monies for NIIP?

What is the current estimate of the total amount necessary to finish the project? Block 6, I believe, is still only half completed. In FY 1986, it was estimated that completion of the half-block would require $9,100,000. What is the estimate for completion of a half-block in FY 1987?

Answer: The funds appropriated for NIIP in 1985 were not held up by the BIA. The funds were deferred by the Administration, and were released on direction of the Congress in the 1986 Continuing Resolution. The fact that the funds were delayed in availability, and the anticipation that they will be used through 1986 and into 1987 is one of the reasons that no funds were requested for NIIP in 1987. Another major reason is the need to request funds for higher priority needs, e.g. dam safety, within a constrained budget. Based on 1985 estimates, it would take approximately $288 million to complete the Navajo Indian Irrigation Project.

An estimated $8,300,000 in additional funding would be needed to complete Block 6.

Question 29: The BIA does not request any monies for new housing construction. Yet, we all agree that the HIP houses are cost-efficient projects. Is the failure to request these monies simply in line with overall philosophy of no new construction, as it was in FY 1986?

Although you state that the thrust of this year's construction is repair and improvement of existing facilities, there is no shift of the $6 million used for new HIP housing in FY 1986 to renovation and repair of existing housing. Why?

Answer: In FY 1987, new housing construction will be deferred in favor of continued rehabilitation and repair, with an increase of approximately 15% in the estimated costs for repairs to standard housing. Therefore, no funds were requested for new housing construction in FY 1987.

The $6 million used for new housing has not been shifted to repairs and renovation of existing housing, because it is the Bureau's understanding that when the Congress added these funds to the FY 1986 budget, it was with the intent of supporting new housing construction.

Attachment #1

DEPARTMENT OF THE INTERIOR
Bureau of Indian Affairs
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Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
Education		Tribe/Agency	33,802
Continuing Education	(56,438)		
@ College Student Assistance (Higher Ed)			
TR/AG	29,203	→ Scholarships	29,367*
Area Offices	43		
@ Special Higher Educ. Schlrshps.	1,939		
@ Adult Education			
TR/AG	3,343	→ Adult Education	3,343
Area Offices	174		
@ Post Secondary Schools	9,309		
@ Tribally Control Comm. Colleges			
TR/AG (Snyder Act Supplement)	892	→ TCCC's Supplement to Grants	892
Operating Grants to TCCCs	11,335		
Endowments	--		
Planning Grants	--		

* Items adjusted for Aberdeen, Navajo, Billings, Muskogee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Scholarships $164K.

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Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission

Appropriation/Activity/Subactivity	FY 1986 Net. Appro.	
Indian Services		
Tribal Government Services	(32,233)	
@ Aid to Tribal Gov't	(21,608)	
Community Services General		
TR/AG	1,093	
Area Offices	281	
C.O. Staff	199	
Community Fire Protection (TR/AG)	828	
Agriculture Extension		
TR/AG	740	
Area Offices	--	
All Other Aid Tribal Gov't		
TR/AG	11,503	
Area Offices	1,310	
C.O. Staff	1,362	
New Tribes		
Undistributed	4,292	2,990
TR/AG (Distributed)	--	
@ Tribal Courts	(10,625)	
TR/AG	9,119	
Area Offices	--	
Special Tribal Courts	1,506	115

Format of Fiscal 1987 Congressional Budget Submission

Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
Tribe/Agency	26,328
Community Services General	1,093
Community Fire Protection	828
Agricultural Extension Services	680*
All Other Aid Tribal Gov't	11,503
New Tribes Funding	2,990
Tribal Courts	9,234

* Items adjusted for Aberdeen, Navajo, Billings, Muskogee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Agriculture Extension -$60K.

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Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
Indian Services	______	Tribe/Agency	67,276
Social Services	(113,199)		
@ Welfare Assistance Grants		Social Services	21,408††
Regular	81,807		
Sole Parent Program (CW)	108		
ICWA	8,820	Law Enforcement	45,965†
@ All Other Social Services			
Tribe/Agency	20,908		
Area Offices	980		
C.O. Staff	576		
@ Law Enforcement	(48,570)		
Tribe/Agency	38,124		
Area Office	483		
C.O. Staff	833		
Police Academy (C.O.)	835		
Special Law Enforcement	8,295		
Detention Center Expansions	--		
Law Enforcement Vehicle Replacement	--		

7,841

† (Including $7841K, Special Law Enforcement.) Items modified early in FY 1987 planning process--allocation already made to Tribe/Agency level for priority setting.

†† (+$430K TWEP administration--Aberdeen Area.) Items added to Tribe/Agency priority data base after initial priorities were run.

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Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
Indian Services		Tribe/Agency	13,383
Self-Determination Services	(21,337)		
@ Self-Determination Grants (Tribe/Agency)	11,385	Self-Determination Grants	11,383
@ Training & Technical Assistance	(3,512)		
Tribe/Agency	2,024		
Area Office (Direct Operations)	587		
C.O. Staff	533		
TAAS C.O. Staff (1986 transfer)	368	Training & Technical Assistance	2,000*
@ Contract Support (Undistributed)	(1,940)		
Pre-1985 Contracts	--		
1985 New Contracts	190		
1986 New Contracts	1,550		
1987 New Contracts	--		
Employee Displacement Costs	200		
(Distributed - NON-ADD pre-1985)	[38,308]		
@ Small Tribes Initiative	4,500		
Economic Development & Employment Programs		Tribe/Agency	23,504
@ Employment Development	(26,698)		
Direct Employment		Other Employment Assistance (DE)	4,193*
Tribe/Agency	4,151		
Area Offices	199		
C.O. Staff	175		
United Sioux Tribe Development. Corp.	99		
Adult Vocation Training	19,233	Adult Vocational Training	19,311*††
Tribe/Agency	19,635		
Area Offices	132		
Papago Skills Center	142		
National Ironworkers Trng. Program	437		
United Tribes Education Tech. Center	1,231		
Crown Point Inst. of Tech.	497		

* Items adjusted for Aberdeen, Navajo, Billings, Muskogee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Technical Assistance -$24K; Direct Employment +$42K; AVT -$64K.

†† (+$142K Papago Skills Center.) Items added to Tribe/Agency priority data base after initial priorities were run.

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Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
Economic Development & Employment Programs		Tribe/Agency	26,051
@ Employment Development			
Business Enterprise Development	(13,775)		
@ Econ. Dev. Grants	7,922		
@ HAPI Grant (re Loan Guaranty)	--		
@ Credit & Financing			
TR/AG	3,301	Credit & Financing	3,301
Area Offices	863		
C.O. Staff	527		
Tech. Assist.	279		
@ Indian Arts & Crafts Board	883		
@ Road Maintenance	(23,069)	Road Maintenance	22,750
TR/AG	22,750		
Area Offices	54		
C.O. Staff	51		
Road "Sealing"	214		

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Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
Natural Resources Development	______	Tribe/Agency	66,263
Forestry and Agriculture	(101,997)		
@ Natural Resources, General	(2,407)	Natural Resources, General	1,116
TR/AG	1,116		
Area Offices	243		
C.O. Staff	--		
Ind. Integr. Res. Inven. Prg.	1,048		
@ Agriculture	(29,223)	Agriculture	20,279*
TR/AG	20,322		
Area Office	1,140		
C.O. Staff	297		
Prairie Dog Program	1,500		
Emergency Hay Relief	5,964		
@ Forestry	(33,801)	Forestry	23,309*††
TR/AG	16,419		
Area Offices	1,268		
C.O. Staff	649		
Forest Development	9,150	2,400	
Timber Sale Admin.	5,700	4,290	
Forest Inventories/Plans	1,200		
Fire Suppression	--		
Fire Equipment	415		
@ Water Resources	(10,783)	Water Resources	1,565
TR/AG	1,565		
Area Offices	--		
C.O. Staff	465		
Water Mgmt. & Development	8,753		
@ Wildlife and Parks	(25,783)	Wildlife and Parks	17,796††
TR/AG	4,419		
Area Offices	--		
C.O. Staff	445		
Special Fish Mgmt. Programs			
Western Washington (Boldt)	8,277	7,472	
Columbia River	1,434		
Klamath Conservation Prg.	145		
Voigt Case Area	1,374		
Michigan Settlement	--		
US/Canada Pacific Salmon	1,400		
Fish Hatchery Operations	4,956	4,170	
Former USFWS Hatcheries	433		
Other Fish and Wildlife Mgmt.	2,860	1,735	
FWS Technical Assistance	--		

* Items adjusted for Aberdeen, Navajo, Billings, Muskogee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Agriculture -$43K; Forestry +$400K. AVT -$64K.

†† (Includes $4,290K TRA & $2,400K for Development.) Items added to Tribe/Agency priority data base after initial priorities were run.

†† (Includes $7,472K; $4,170K; $1,735.)

Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal Year 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
NATURAL RESOURCES DEVELOPMENT		Tribe/Agency	1,738
Minerals, Mining, Irrig. & Power	(17,529)		
* Minerals and Mining	(9,589)		
TR/AG	1,748 →	Minerals and Mining	1,738
C.O. Staff	663		
Energy and Mineral Res (MOAs)	7,078		
Linowes Positions	--		
Special Projects	--		
Ute Mtn Ute Energy	--		
Hopi Coal Lease Renegotation	100		
* Irrigation O & M	(7,940)		

* Items adjusted for Aberdeen, Navajo, Billings, Muskogee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Minerals and Mining -$10K.

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Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
TRUST RESPONSIBILITIES		Tribe/Agency	5,414
Indian Rights Protection	(21,408)		
● Environmental Quality Services	(1,400)		
TR/AG	624	→ Environmental Quality Services	582*
Area Offices	--		
C.O. Staff	167		
Archeological Clearances	294		
Hazardous Waste (Site Surveys)	315		
● All Other Ind. Rights Protection	(20,008)		
TR/AG	4,842	→ Other Rights Protection	4,832*
Area Offices	335		
C.O. Staff	349		
ANILCA Programs	1,372		
Group Grants	412		
Land Selection Costs	750		
ANCSA Cem/Hist Sites & NPS	1,568		
Litigation Support	5,300		
Sangre de Cristo Settlement	--		
Water Rights Negotiation/Litig.	--		
Attorneys Fees	1,850		
Unresolved Rights Issues	1,470		
Hunting & Fishing Rights	660		
Klamath Conservation Programs	--		
Voigt-Great Lakes Fish Comm.	--		
Michigan Settlement	700		

* Items adjusted for Aberdeen, Navajo, Billings, Muskogee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Environmental Quality Services -$42K; Other Rights Protection -$10K.

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Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
TRUST RESPONSIBILITIES		Tribe/Agency	21,514
Real Estate & Financial Trust Svs.	(29,832)		
● Trust Services, General	(1,072)		
TR/AG	264	→ Trust Services, General	354*
Area Offices	472		
C.O. Staff	336		
● Real Estate Services	(24,712)		
Appraisals			
TR/AG	3,850	→ Real Estate Appraisals	3,839*
Area Offices	66		
Other Real Estate Services		13,947 → Other Real Estate Services	13,958*††f/
TR/AG	13,016		
Area Offices	1,772		
C.O. Staff	591		
Miccosuki Real Estate Prg.	98		
Cadastral Surveys	1,037		
Land Records Improvement	882		
Lease Compliance	1,400		
Land Titles & Records Office	--		
● Financiall Trust Servicer	(4,048)		
TR/AG	3,236	→ Financial Trust Services	3,363*g/
Area Offices	85		
C.O. Staff-Trust Fund Management	317		
C.O. Staff-Trust Fund Acctg.	410		

* Items adjusted for Aberdeen, Navajo, Billings, Musk gee, Portland and Area transfers between Area Office Operations and Tribe/Agency Operations (Area Field Operations) as follows: Trust Services, General +$90K; Real Estate Appraisals -$11K; Other Real Estate Services -$87K; inancial Trust Services +$22K.

†† (Includes $98K Miccosuki.)

f/ Transferred $1,069K from Area Office Field Operations to C.O. Field Operations for Land Titles and Records Offices.

g/ Moved $85K from Area Office Direct to Area Office Field.

DEPARTMENT C [illegible] INTERIOR
Bureau of Indian Affairs
($000)
Activity/Subactivity Change Crosswalk - FY 1987 Budget

Format of Fiscal 1986 Congressional Budget Submission		Format of Fiscal 1987 Congressional Budget Submission	
Appropriation/Activity/Subactivity	FY 1986 Net Appro.	Appropriation/Activity/Subactivity	FY 1987 Tr/Ag Ops. Activity Base
GENERAL ADMINISTRATION		Tribe/Agency	17,814
Management & Administration	(49,240)		
• Executive Direction & EEO	(10,045)		
TR/AG	7,225	Executive Direction	7,225
Area Offices	2,063		
C.O. Staff	757		
• Administrative Services	(38,328)		
TR/AG	10,494	Administrative Services	10,389
Area Offices	12,617		
C.O. Staff-Admin	3,415		
C.O. Staff-Financial Mgmt	3,797		
Fin Mgmt ADP Systems (&IPS)	1,072		
Intra-Gov't Billings	6,933		
Contract Mgmt System	--		
Excepted Qualification Standards	--		
• Safety Management	(697)		
TR/AG	333	Safety Management	333
Area Offices	100		
C.O. Staff	264		
• 638 Oversight Staff	(--)		
• Improve Fin. Sys/Trust Fund Contrl	(170)		
• ADP Services	(17,934)		
C.O. Staff (Washington only)	1,005		
WTSC (Albuquerque)	2,156		
Area IMC's (Decent Sys. Support)	2,631		
Central System Support	8,173		
Direct Mission System Support	3,666		
Microcomputer Pilot Projects	--		
Equipment Acquisition (Prg. Applic)	--		
TR/AG	95		
Area Offices	208		
ADP Direct Program Costs	--		
ADP Transfers from Other Prgs.	--		

Attachment #2

3/14/86
Page 1

BUREAU OF INDIAN AFFAIRS

TRIBE/AGENCY OPERATIONS - Funding & Staffing

Category/Program Element	FY 1986 Pre-GRH Appropriations a/ (FY 1987 Base)		GRH b/	FY 1986 Post-GRH Appropriations c/ (FY 1987 GRH Base)		FY 1987 Request		FY 1987 Request Inc./Dec. vs FY 1987 GRH Base		FY 1987 Request Inc./Dec. vs FY 1987 Base		Details of FY 87 Request vs FY 87 Base: Priority Changes		Alaska Reduction		G-R Grant Reduction
	FTE	$000	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	$000
General Operations	(1,393)	(187,356)	(-8,056)	(1,393)	(179,300)	(1,432)	(185,646)	(+39)	(+6,346)	(+39)	(-1,710)	(+55)	(+5,312)	(-16)	(-3,022)	(-4,000)
Scholarships	--	29,367	-1,263	--	28,104	--	29,916	--	+1,812	--	+549	--	+1,551	--	-1,002	--
Adult Education	21	3,543	-152	21	3,391	24	3,248	+3	-143	+3	-295	+3	+203	--	-498	--
TCCC's Supplement to Grants	--	892	-38	--	854	--	1,183	--	+329	--	+291	--	+291	--	--	--
Community Services, General	3	1,093	-47	3	1,046	4	847	+1	-199	+1	-246	+1	-246	--	--	--
Agric. Extension Services	--	680	-29	--	651	--	685	--	+34	--	+5	--	+67	--	-62	--
Other Aid to Tribal Gov't	106	11,503	-495	106	11,008	111	12,982	+5	+1,974	+5	+1,479	+10	+1,976	-5	-497	--
Tribal Courts	22	9,234†	-397	22	8,837	22	9,805	--	+968	--	+571	--	+571	--	--	--
Social Services	170	21,311†	-916	170	20,395	181	21,198	+11	+803	+11	-113	+13	+287	-2	-400	--
Law Enforcement	493	45,945†	-1,977	493	43,968	495	46,047	+2	+2,079	+2	+102	+2	+102	--	--	--
Self-Determination Grants	--	11,385	-490	--	10,895	--	7,361	--	-3,534	--	-4,024	--	+376	--	-400	-4,000
Trng./Tech. Assistance	30	2,000	-86	30	1,914	35	2,363	+5	+449	+5	+363	+8	+663	-3	-300	--
Community Fire Protection	--	828	-36	--	792	--	1,017	--	+225	--	+189	--	+189	--	--	--
Credit and Financing	66	3,301	-162	66	3,139	73	3,633	+7	+494	+7	+332	+7	+332	--	--	--
Adult Vocational Training	69	19,311†	-830	69	18,481	63	18,435	-6	-46	-6	-876	-6	+340	--	-1,216	--
Other Empl. Assistance (OE)	18	4,193	-180	18	4,013	18	3,421	--	-592	--	-772	+1	-255	-1	-517	--
Road Maintenance	386	22,750	-978	386	21,772	396	22,485	+10	+713	+10	-265	+11	-115	-1	-150	--
Trust Operations	(1,825)	(92,831)	(-3,996)	(1,825)	(88,835)	(1,785)	(92,900)	(-40)	(+4,065)	(-40)	(+69)	(-39)	(+506)	(-1)	(-437)	(--)
Natural Resources, General	6	1,116	-48	6	1,068	6	1,060	--	-8	--	-56	--	-56	--	--	--
Agriculture	441	20,279	-872	441	19,407	443	19,713	+2	+306	+2	-566	+3	-178	-1	-388	--
Forestry	634	23,509†	-1,011	634	22,498	639	23,493	+5	+995	+5	-16	+5	-16	--	--	--
Water Resources	6	1,565	-67	6	1,498	4	1,502	-2	+4	-2	-63	-2	-18	--	-45	--
Wildlife & Parks	16	17,796†	-765	16	17,031	24	18,642	+8	+1,611	+8	+846	+8	+884	--	-38	--
Minerals and Mining	36	1,736	-73	36	1,663	39	1,632	+3	-31	+3	-104	+3	-18	--	-86	--
Trust Services, General	9	354	-15	9	339	9	260	--	-79	--	-94	--	-94	--	--	--
Environmental Quality Svs.	14	562	-25	14	537	13	624	-1	+87	-1	+62	-1	+62	--	--	--
Other Rights Protection	74	4,831	-208	74	4,623	69	4,214	-5	-409	-5	-617	-5	-617	--	--	--
Real Estate Appraisals	94	3,839	-165	94	3,674	82	3,479	-12	-195	-12	-360	-12	-360	--	--	--
Other Real Estate Services	361	13,958†	-600	361	13,358	410	14,821	+49	+1,463	+49	+863	+49	+863	--	--	--
Financial Trust Services	138	3,363	-145	138	3,218	51	3,539	-87	+321	-87	+176	-87	+176	--	--	--
Management Operations	(494)	(18,147)	(-780)	(494)	(17,367)	(496)	(17,462)	(+2)	(+95)	(+2)	(-685)	(+19)	(+172)	(-17)	(-857)	(--)
Executive Direction	174	7,225	-311	174	6,914	178	7,287	+4	+373	+4	+62	+9	+415	-5	-353	--
Administrative Services	310	10,589	-455	310	10,134	309	9,899	-1	-235	-1	-690	+11	-186	-12	-504	--
Safety Management	10	333	-14	10	319	9	276	-1	-43	-1	-57	-1	-57	--	--	--
New Tribes Funding	--	1,990*	-119	--	1,871*	--	Distrib.	--	-1,871 d/	--	-1,990 d/	--	-1,990 d/	--	--	--
TRIBE/AGENCY OPERATIONS--TOTAL	3,712	300,324	-12,951	3,712	287,373	3,713	296,008	+1	+8,635	+1	-4,316	+35	+4,000	-34	-4,316	-4,000

a/This column is the FY 1986 Net Appropriations prior to application of Gramm-Rudman-Hollings sequestrations: the amounts include all base transfers and therefore equals the FY 1987 Base amounts.

b/This column lists the Gramm-Rudman-Hollings reduction (4.3%) applied to the FY 1986 appropriated amounts.

c/This Base column INCLUDES the effects of GRH on the FY 1987 Base amounts.

* The New Tribes Funding has not actually been allocated at this level in FY 1986 but the amount shown reflects the effect of the 4.3% reduction to the $1,990K base amount.

† FY 1987 Base for these programs include other base transfers relating to formerly non-banded funds as follows (the Post GRH amounts for each are shown in [] after each base amount--these Post GRH amounts are included in the column entitled "FY 1986 Post-GRH"): Tribal Courts +$115K [$110K]; Social Services +$403K [$386K]; Law Enforcement +$7,841K [$7,504K]; Adult Voc. Training +$142K [$136K]; Forestry +$6,690K [$6,402K]; Wildlife & Parks +$13,377K [$12,802K]; Real Estate Svs. +$98K [$94K] and -$1,069K [$1,023K].

d/New Tribes Funding is spread among the other programs in the FY 1987 Request based upon the priorities established by the tribes.

Questions submitted by Senator Murkowski

Mr. Secretary, the proposed budget for the Bureau of Indian Affairs includes a $12 million reduction for program in Alaska. I have several questions with respect to this proposal.

Question 1: The justification for this cut is that the Bureau believes that fewer services are needed because with the passage of the Alaska Native Claims Settlement Act, the economic status of Alaska Natives has improved. The Congress required a study to be done on the effects of ANCSA and to present the recommendations of the Secretary. That study was due in early 1985 and still has not been received. Where is the study? Why has it not been completed and sent to the Congress; and in the absence of this study, on what basis does the Department make such subjective judgements?

Answer: We wish to correct the impression that the proposed reductions in funding for BIA Alaska programs are justified solely by improvements in Alaska Native economic status. There are a number of differences between the situation of Alaska Natives and that of Indians in the lower 48 states which have led us to propose these reductions. First, Alaska Natives, currently receiving BIA services, who reside in urban areas or villages with municipal governments providing local services and/or channeling resources and services from the State, can apply for such services from these sources. Generally speaking, this is not the case in the lower 48, where BIA services are provided to Indians living on or near reservations, who are not citizens of municipalities offering similar services. Second, because the U.S. never signed treaties with Alaska Natives, there are no tribal treaty rights to be protected. Thus, less BIA spending for rights protection in Alaska is necessary, and it should be limited to that needed to meet the requirements of specific statutes (e.g. ANCSA, ANILCA, the Alaska Native Allotment Act, and the Alaska Native Township Act). Third, there is no tribal trust land in Alaska (except Metlakatla, which is not subject to the proposed reductions and small parcels of a few acres in four villages in southeast used for canneries) to warrant the continuation of the same natural resource management programs designed for application in the lower 48 reservations. The absence of tribal trust lands and reservations also makes it difficult to justify funding programs such as road maintenance (which is only authorized to service "Indian reservation roads" under 25 USC 318a).

Although the draft 1985 Study on the effects of ANCSA primarily addresses the status of Alaska Natives with regard to that of non-Natives in Alaska, it also supports the belief that the economic status of Alaska Natives relative to reservation Indians has improved. The Study cites census data indicating that the "proportion of Natives below the official poverty level declined from 44 percent in 1970 to 26 percent in 1980" (p. IV-18), although the study does not claim that this improvement is entirely or even in large part due to the passage of ANCSA. By contrast, census data also indicates that the proportion of reservation Indians below the poverty line was approximately 41 percent in 1980. There is no reason to believe this gap between Alaska Natives and Indians in the lower 48 has changed since 1980.

Several interrelated factors have contributed to improving the economic status of Alaska Natives. The settlement of Alaska Native claims allowed for oil and gas related development and marketing which stimulated the State economy. ANCSA passed nearly one billion dollars into private hands via the

ANCSA corporation mechanism. Also, the State of Alaska profited from the economic development (particularly in oil taxes) and constructed many capital improvement and public works projects which benefited Natives.

We also wish to point out that implementation of the proposed Juneau Area reorganization plan, which calls for the establishment of a consolidated service center, will reduce the funding needed for facilities management, administrative overhead and Bureau personnel in Alaska. Part of the proposed reduction is attributable to this reorganization.

The draft 1985 study (Parts I to V) was completed and circulated in Alaska. Public hearings were held and a task force was appointed to review all testimony and develop Part VI, which was to include conclusions and recommendations. That work was completed in late May 1985. However, before proceeding further the Secretary wished to assure the maximum Native involvement envisioned by ANSCA, by allowing the village input solicited by the Alaska Native Review Commission, and consideration of "1991" legislation by the Alaska Federation of Natives (AFN). Also, the Governor of Alaska appointed a task force to study the State/Federal/Native relationship and make recommendations to him. The Bureau was asked to and did participate on that task force. We understand that work is now completed and recommendations are being forwarded to the Governor.

The Interior Department has been reviewing the so-called "1991" issues and legislation which has been developed and introduced in Congress, and has not yet reached a final position on those extremely complex issues. It is our intention to complete the final section 23 report as expeditiously as possible, during this session of Congress.

Question 2: If ANCSA succeeds, do you propose terminating the special federal relationship with Alaska Natives?

Answer: Termination of the special Federal relationship with Alaska Natives is an authority exclusively held by the Congress in the exercise of its plenary powers. Absent treaties, the nature and extent of the Federal government's special relationship to Alaska Natives beyond what is clearly mandated by statute will always be subject to multiple interpretations and, therefore, perceived changes. With more time, the Native corporations, particularly the regional ones, should be able to demonstrate a greater degree of economic success on behalf of the Native population. With that success, will come less dependence on the Federal government. Less dependence will in turn dictate a change in how the special relationship is implemented, but that does not mean the relationship will necessarily be terminated.

Question 3: The ANSCA Declaration of Policy, Section 2(g) provides that no provision of this Act shall be construed to terminate or otherwise curtail the activities of the Economic Development Administration or other Federal agencies conducting loan or loan and grant programs in Alaska. In addition, Section 29 of Public Law 94-204, an Act amending ANCSA on January 2, 1976, provides under part (a):

> "The payments and grants constitute compensation for the extinguishment of claims to land and shall not be deemed to substitute for any governmental program otherwise

> available to the Native people of Alaska *as citizens of the United States and the State of Alaska*."

In light of these provisions, and in the absence of the study and specific action of the Congress, how can you recommend the termination or severe reductions of these services?

Answer: The loan and grant (Indian Financing Act) programs in Alaska have not been reduced. We are not aware of the status of 1987 budget proposals for EDA or other Federal loan or grant programs. We have not suggested that the ANCSA settlement would substitute for programs available to U.S. citizens or Alaska citizens, nor do we propose to deny any benefits to which Alaska Natives are entitled as citizens.

Programs operated by the Bureau of Indian Affairs, however, are not made available to Alaska Natives because of their status as citizens, but rather because of their special status as constituents of Native entities which are recognized by the U.S. as eligible to receive BIA services. Even so, the budget proposals to reduce/eliminate funding for certain BIA programs in Alaska do not stem from and are not associated with any change in that special status. Rather, they reflect material differences between circumstances in Alaska and the lower 48 states, as described in the answer to question 1, differences which are not attenuated by the existence of a special relationship.

Question 4: I would like a clarification of the increase in funding to accelerate surveys of Alaska Native allotments. This funding in previous years has come from the Bureau of Land Management budget. Did not the Department reduce the BLM budget and shift the funds to the BIA budget? If so, how can this $2.5 million be considered additional funds?

Answer: Funding for surveys in Alaska has come from the BLM budget in the past. By including Native allotments in the overall BLM program, the survey requirements of Native allotments were not always met within BLM's "window" approach which emphasized exterior boundary surveys of large tracts of State and Native Corporations lands. Even though BLM is now emphasizing small tract surveys (such as Native allotments) in "windows" in their patent planning process, many allotments with high priority development needs will not be surveyed for decades through BLM's program and funding. It was therefore a priority of the Bureau to request this funding increase in the BIA budget to meet this specific need for surveys of Native allotments.

Question 5: The draft 1985 study of ANSCA did not include an analysis of the status of the approximately 200 village corporations. Does the Bureau intend on conducting a detailed analysis of those corporations' status? (The Small Tribes Core Management Program which is recommended for termination was being used to provide assistance to failing village corporations enabling them to make decisions on their future economically, etc.)

Answer: Some analysis of the village corporations' status was completed in the draft 1985 study, and we will have a great deal more information on all corporations as a result of the contracts for assistance funded by use of the Small Tribes Core Management funding. Those contracts will provide a village corporation profile for all corporations, bring the corporations' legal status up to date to prevent involuntary dissolution, and assist about

30 selected corporations (based on need and interest) in developing management strategies and plans, business plans, structures and systems of operation.

The proposal to terminate funding for Small Tribes Core Management as used to assist village corporations reflects discontinuance of a waiver from existing regulations which permitted use of the funds for that purpose, as ANCSA village corporations are not generally recognized as Alaska Native entities eligible for BIA services. This is because BIA provides these services on a "government to government" basis, whereas Alaska Native Corporations are businesses, with neither the resources nor the mandate to function as governments.

Question 6: Justification from the Department with regard to the BIA Alaska cuts indicates that the State of Alaska has previously assumed responsibility for education and public assistance services, and therefore fewer services are needed from the Federal government. Reference is also made to a state revenue sharing program that may be available to local governments and therefore lessen the importance of these cuts. Could you explain the process used by the Department to arrive at its recommendations and further explain the absence of specific consultation with the State on the likely outcome of your proposal?

Answer: Please refer to the information in the answer to question #1. The process used was a system of weighing priorities in a time of fiscal constraint. While specific consultation with the State on all of these program funding reductions has not been conducted, many general and preliminary discussions have been ongoing. Informal discussions have been in process over the past year with the State Department of Transportation and the Governor's Office on Road Maintenance and Construction, and Freight Services to Western Alaska. Discussions on joint employment assistance programs and a trial project coordinated by the Tlingit Haida Central Council have also been underway. Also, other State funded education programs have been explored, and efforts have made to eliminate duplication and unnecessary conflict on resources issues. The State has also been looking for ways to equalize revenue sharing in villages that are unincorporated with those that have incorporated as municipalities. Currently, the State administers its revenue sharing program through the Commission of Community and Regional Affairs.

Questions Submitted by Senator Melcher

Question 1: Once again, it appears that the BIA is trying to get out of the Johnson O'Malley business. This year's proposal to transfer $22,053,000 to the Department of Education is contingent upon legislation, which is being developed by the Department of Education. What assurances do we have that the essential features of JOM such as contractibility, student eligibility, and parental support will be preserved when the program is transferred?

Answer: The Bureau is working closely with the U.S. Department of Education to assure that certain features of JOM are retained in the newly proposed program. Approximately 90% of the 177,000 students counted for JOM are also counted for Title IV, Part A. Based on a comparison of school districts receiving Title IV and JOM, we estimate the total unduplicated eligible population will be 347,000 students. However, the recommended weighting factors for economic and educational disadvantage, as well as isolation, will benefit the JOM eligible students. Schools which are now serviced by JOM are likely to receive an increased share of funding under the proposed consolidation.

Question 2: Under the FY 1987 request, the BIA proposes a significant transfer to a new line-item called Tribe/Agency Operations. Describe this new approach. What benefit will it have to the Tribes? How will it work? What is your rationale for this proposal?

Answer: The funds for operations at the agency level will be budgeted and put together as they have been in the past, by using the Indian Priority System. However, the funds will be displayed in the the new line item called tribe/agency operations. The Bureau is accountable to OMB by budget activity; therefore, establishing this new budget activity will merge accountability for all tribe/agency funding. This will allow tribes to readily track expenditures versus priorities. This will also provides a potential vehicle for funding consolidated grants/contracts/agreements. Most importantly, it will promote tribal self-determination.

Question 3: How do you justify the projected 211 drop in Full Time Equivalents (FTEs) under ISEF? What happens if this projection is not accurate?

Answer: The reduction in FTE is related to schools which have been or expect to be contracted to tribes. Since the staff are no longer Federal employees, they are not counted as FTE.

Question 4: In FY 1986, the BIA will be consolidating the AIS and Law Program for Indian graduate fellowships into one competitive award, with the rationale that administrative costs will be reduced. How do you figure this will work?

Answer: When the program was operated under two contracts, each contractor paid for such items as space, equipment, salaries, etc., out of funds appropriated for providing financial assistance for students to attend graduate school. Because of the similarity of the two programs, the Bureau anticipates that a reduction in administrative costs can be achieved by consolidating the programs under one contractor. The savings will be available for actual assistance to students. Also, the administrative costs for the Law Program have included costs for the Summer Law Institute, which will not be conducted in FY 1986.

Question 5: I notice that in FY 1986, only sixteen of the 372 graduate students were enrolled in the fields of natural resources or engineering. The field of law, education and social work, however, show heavy enrollments. While I have nothing against these professions and believe they are important, we also recognize the critical need for Indian professionals in natural resources and engineering. What is the BIA doing to recruit and encourage interest in these fields?

Answer: The Bureau has no specific program to recruit graduate students for specific fields.

However, under the consolidated training program, there will be opportunities to recruit graduate students into the entry level development program and the understudy program designed to prepare individuals to fill key positions.

Question 6: The FY 1987 budget request suggests that reductions in the areas of Higher and Adult Education will be "taken either by reducing the number of people served or the level of funding for each individual." Yet, we know that funding for higher education has been consistently declining in past years and most tribal contractors are at their wits end trying to stay afloat. How do you suggest the tribes deal with this additional reduction? Why has the BIA not requested level funding?

Answer: The FY 1987 budget states that the FY 1986 Gramm-Rudman Hollings reductions will be "taken either by reducing the number of people served or the level of funding for each individual". Both of these programs are part of the Indian Priority System (banded programs), and the tribes, not the Bureau, establish the funding levels.

Since FY 1983, there has been a steady increase in the Higher Education Program, from $26,357,000 to the FY 1987 requested level of $29,916,000. The Adult Education Program is funded at $3,543,000 in both FY 1986 and FY 1987.

We might also point out that the amounts requested by the President in both FY 1985 and FY 1986 were reduced 2 percent and six-tenths of one percent, respectively, by the Congress. Also, Gramm-Rudman further reduces the amount by 4.3 percent in FY 1986.

A comparison between FY 1986 and FY 1987 shows an increase in total funds as follows:

	FY86 Adj. for GRH	FY 1987 Request
Bureau of Indian Affairs:		
Scholarships (graduate and undergraduate) 1/	27,947	29,916
Special Graduate scholarships	1,856	2,000
Subtotal	29,803	31,916
Department of Education:		
Undergraduate scholarships	489	---
Graduate scholarships	909	---
Subtotal	1,398	---
Total	31,201	31,916

1/ Approximately 10 percent of these funds are for graduate scholarships.

Question 7: For the past several years, the Bureau has consistently underestimated the student enrollment (also known as the Indian Student Count) for Tribally Controlled Community Colleges. For example, in 1985 the BIA turned in a count which was approximately 300 lower than the actual enrollment: the BIA estimate for 1985 was 2549, while the colleges are estimating 3000. The effect of this is to lower the FTE payment to colleges. My question about this has two parts: (a) Why have the figures turned in by the BIA been consistently lower than the actual enrollment and (b) What will the BIA be doing in the future to submit a more accurate count?

Answer: The FY 1987 budget projects an FTE level of 2,912 for FY 1986. The President's FY 1986 budget projected a level of 2,850 for FY 1986. The final figures of FY 1986 cannot be confirmed until the colleges report their enrollment for the current semester. However, reports received from several colleges indicate that their enrollment is down. The Bureau, therefore, believes that the estimated FY 1986 FTE level will be less than 3,000. Using a higher completion rate than the colleges are experiencing, the Bureau had originally assumed that the enrollment level would stabilize at approximately 2,700 students. It appears that a large number of students are staying at the colleges beyond the 2-3 or 4-5 years normally expected for completing requirements for certificate or a degree. A team from the Bureau will be visiting the colleges in March to determine the extent to which this is occuring. Recommendations from the team visit, plus publication and implementation of the Tribally Controlled Community College regulations currently under review, should provide for more accurate estimations of FTE in future years.

Question 8: I understand that it is the BIA policy to prohibit recipients of general assistance from enrolling in adult, vocational or higher education programs under penalty of being cut off from general assistance. On the other hand, a pilot program called Tribal Work Experience at Salish Kootenai College in Montana has shown remarkable results — 30% of the participants have either found permanent employment or gone on to higher education. These people have broken the welfare cycle and are no longer on welfare. I have two questions on this issue: What is the basis for the current BIA policy? When can we expect a change in what appears to be an irrational position?

Answer: The basis for the current policy in terms of recipients of general assistance enrolling in education programs is 25 CFR 20.21(i): "Employment. (1) An applicant or recipient must actively seek employment, including use of available tribally or Bureau funded employment assistance services. The individual is also required to accept available local employment. An individual who does not comply will not be eligible for general assistance...". We feel this is a logical position for administration of a welfare assistance program for Indian people. The Bureau and Indian tribes receive funding for a variety of educational programs which have distinct eligibility criteria, and which are specifically designed for the purpose of helping Indian people break the welfare cycle. The Bureau social services program does not receive funding from Congress for educational purposes and must follow applicable regulations for administration of the general assistance program. The Tribal Work Experience Program (TWEP) at Salish Kootenai College has been specifically designed by the Salish Kootenai Tribe and attendance at self enhancement classes at the college consists of only one phase of the program, as the recipients are required to be at job sites and are required to seek and accept available employment. The recipients at this location are not full time students and in fact, in some cases, earn no college credit whatsoever. However, these individuals may at any time leave TWEP and general assistance and apply for and be accepted in any Bureau education program for which they are eligible.

Given these reasons, the Bureau's practice on this matter is rational and no changes are foreseen in this policy.

Question 9: We have heard a lot about the Inspector General's Report of 1985 which identified supposed problems with tribal community college method of deriving the FTE rate. It is speculated that this report will contribute to the "tightening of regulations which will reduce the tribal college student count by 170 students or 6%". One of the major criticisms against the colleges in the IG report was the serving of students without a high school diploma or GEDs. On the other hand, we encourage colleges to run Adult Education and Vocational programs and to provide remedial programs to enable students to gain high school equivalencies in order to continue in higher education. We are not aware of any colleges counting students who are not working on GEDs and also enrolled in a program which will count for colleges purposes. It seems to me that we may have two entirely different perceptions of what tribally controlled colleges should be doing. What is the BIA definition and concept of a Tribally Controlled Community College?

Answer: The Bureau considers the community colleges an opportunity for Indian students to receive a post secondary education to prepare them to either enter the job market or to transfer to a four-year college program. Our goal is a quality college educational program at the community level.

The proposed TCCC regulations would not prohibit a student from attending a TCCC because of lack of GED or high school diploma, but the college could not count the student for Federal funding purposes until he/she met that qualification.

Also, for clarification, any Adult Education or Vocational programs run by the tribal colleges are funded from other sources or operated for the tribes on a contract basis. The Adult Education program cannot fund students who are taking college preparatory course work.

Question 10: Recently my staff coordinated a meeting between Mr. Swimmer, Mr. Whiteman and AIHEC to talk about several problems: the lack of implementing regulations for P.L. 98-192; changes in Snyder Act contract funds and so forth. My question is very simple. When will the BIA be doing something about these problems, and what, specifically, will be done in each area?

Answer: We feel it is appropriate for Mr. Ross Swimmer, the new Assistant Secretary, and Dr. Henrietta Whiteman, the new Director of the Office of Indian Education Programs, to have an opportunity to review the draft proposed regulations to implement P.L. 98-192. Dr. Whiteman will be meeting in early March to discuss these regulations with representatives of the tribally controlled community colleges. After this discussion, the proposed regulations will be submitted to the Department and OMB for review before being published for public comment in the Federal Register.

The Snyder Act question has been referred to the Department's Office of the Solicitor for an opinion. The Bureau will conform to that opinion once it is rendered.

Question 11: Several of the smaller tribally controlled community colleges believe that if the FTE rate continues to decline, they will not receive enough funding to remain in operation. Has the BIA ever determined what the funding floor for each TCCC is? If not, please provide the Committee with this estimate.

Answer: The Bureau has made no effort to determine a "funding floor" for each TCCC. The operating grants are not intended to fully fund a college. The grants serve as seed money for tribal colleges to obtain additional financial assistance from other sources to complement their total budget.

Question 12: Given the BIA policy decision to focus its resources on the Indian child welfare needs of Federally recognized tribes in the lower 48 states, why didn't the BIA shift the $2,710,000 into the grant activity for those tribes rather than eliminating the funds from the budget altogether?

Answer: The $2,710,000 decrease under Indian Child Welfare Act Grants is based on discontinuing funding of off-reservation urban organizations nationwide, as well as eliminating funding for the ICWA program in Alaska. The funds requested will be used to meet on-reservation needs.

Question 13: Please list the child welfare programs in the State of Alaska which the BIA has identified as being available to meet the needs of Alaska Natives.

Answer: The child welfare programs in the State of Alaska which the BIA has identified as being available to meet the needs of Alaska natives includes:

(1) Alaska Department of Health and Youth Services: Programs operated by the Division of Public Assistance, Division of Medical Assistance, Division of Public Health, and programs operated by the Division of Mental Health and Developmental Disabilities.
(2) Health and Human Services: Office of Human Development Services, Office of Program Management, Administration for Child, Youth, and Families, Administration for Native Americans, and Office of Child Support Enforcement.

Additionally, there are 20 private sector groups (some with public funds and grants) that also work to meet children's needs as well as the Bureau's own social services program.

Question 14: To what extent will the BIA assist Alaska Native children in gaining access to such other alternate resources in the State of Alaska?

Answer: The BIA will make every effort possible to assist Alaska native children in gaining access to alternate resources in the State of Alaska. In that regard, Bureau staff in the Anchorage, Bethel, and Fairbanks agencies as well as Juneau Area, will be available to assist in making referrals to appropriate state and federal agencies. In addition, Alaska Native entities which have family and community services contracts with the Bureau will assist in gaining access to alternate resources and in many instances will provide services. These entities include the following: Alaska Village Council of Presidents, Fairbanks Native Association, Inuipiat Council, Tanana Chiefs, Angoon Community Association, Ketchikan Indian Corporation, Sitka Community Association, and Other Southeast Communities, Bristol Bay Native Association, Kodiak, North Pacific River, Copper River Native Association, Tyonchi, Kenaitke, Aleut/Pribilof Islands Association, Cook Inlet Tribal Council, ONC, Kushikon Nahu Association, United Crow Band, etc. (20 in all.)

Question 15: I note that the BIA does intend to apply the 4.3% Gramm-Rudman reduction for social services to General Assistance and child welfare assistance in FY 1986. I am concerned that the BIA may have a shortfall for these programs.

Please furnish the Committee with the projected amount of any shortfall and indicate whether the Administration plans to seek a supplemental to meet any projected shortfall.

Answer: The BIA does not intend to apply the 4.3% Gramm-Rudman reduction for social services to Welfare Assistance Grants (general assistance and child welfare assistance) in FY 1986, as these grants comprise only one of the basic program components of the Social Services budget subactivity, along with the Solo Parent Program, Indian Child Welfare Act, and all other Social Services components. The General Assistance program is required by law and regulation to utilize the AFDC state standard for payment. While we believe Gramm-Rudman supersedes this requirement, the Bureau has chosen not to reduce General Assistance payments. AFDC state programs which are exempt from reduction under Gramm-Rudman have already, in some instances, increased payments in FY 86 and General Assistance will be raised accordingly. Therefore, ICWA funds will receive the total Gramm-Rudman reduction for the Social Services subactivity, in the amount of $4,867,000.

Question 16: The FBI has provided the Committee with statistics on the number of Major Crimes on reservations in Montana that were investigated, presented for prosecution, declined for prosecution, and which ultimately resulted in conviction. For example, during the last two years 181 Major Crimes were investigated on the Blackfeet Reservation, resulting in 9 convictions. At Fort Peck, 104 Major Crimes were investigated, resulting in 49 convictions. Please describe any plans the BIA has to focus its Special Law Enforcement Program personnel and technical assistance specifically to improve the investigation and prosecution of Major Crimes on Montana reservations.

Answer: We have already initiated a number of projects to improve our resources to attack major crimes on the reservation. The objective of the total program is to have the optimum number of investigators devoting the majority of their time to these type cases. We are also exploring training programs to enhance the investigators' skills in specific investigative areas such as homicides, assaults, rapes, armed robbery, etc. The FY 1987 budget includes a $500,000 increase to hire and train staff to meet these needs.

We have met with a number of United States Attorneys, the Federal Bureau of Investigation and the Director, Federal Law Enforcement Training Center who have agreed to assist us in this program to increase investigations and ultimately prosecutions.

Presently thirty percent of the Criminal Investigator positions (5) in the Billings Area are vacant. Also the law enforcement radio communications system is obsolete, decreasing the capability to respond effectively to crime reports. We anticipate being able to fill these positions and put the new radio net into operation.

Question 17: On page 119, your request for FY 1987 is $19,712,000 but your 1987 base is $31,161,000 showing a net decrease of $11,449,000. How did you arrive at that base amount since the total transferred to the Tribe/Agency account is $64,265,000 which would leave a balance of $33,347,000 or a difference of $2,186,000?

Answer: The base of $31,161,000 was determined as follows:

$101,997,000	1986 Net Appropriation (pre-GRH)
-63,908,000	Transfers to Tribe/Agency
(- 6,928,000)	Other Base adjustments Total, detailed as follows:
+ 34,000	Muskogee Area adjustment
+ 457,000	Portland Area adjustment
+ 544,000	Central Office adjustment
- 1,410,000	Transfers to C.O. and Area Operations
- 7,253,000	Transfer to Rights Protection
+ 700,000	Transfer from Rights Protection
- 194,000	Transfer to new line item (FWS TA)
- 453,000	Transfer to new line item (FWS TA)
- 415,000	Transfer to new line item (FWS TA)
+ 1,062,000	Transfer to new line: FWS Tech Assist.
+ 468,000	Separation of Linowes commission position funding
+ 250,000	Separation of special projects funding
- 718,000	Reduction in Mineral inventories (above 2 items)
$ 31,161,000	FY 1987 Base

Question 18: What effect will the proposed $3,750,000 reduction in forestry development have upon the economies of those Tribes which derive a substantial portion of their income from Forestry?

Answer: The net effect of the reduction will be to extend the time being devoted to eliminate the backlog of forest development needs identified when the project started in 1977. There will be no immediate effect on tribal income from tribal forests, since the market is such that the current total annual allowable cut is not now being offered for sale. Some future income from sale of forest products may be delayed; however, even after the reduction of $3,750,000 there will be $4.4 million still available for this special program effort and there are $23 million of Tribe/Agency funds available for the ongoing forest development needs.

Question 19: What effect will the proposed reduction in area office staffing have upon the ability of the BIA to provide technical assistance to Tribes in the areas of agriculture and forestry?

Answer: To our knowledge there is no reduction of staffing in either Agriculture of Forestry in the area offices. In fact, the agriculture program will be increased by 1 FTE under Area Office Operations during FY 1987. The reductions in those programs in the Area Offices which directly resulted from application of the Indian Priority System decisions will most likely be applied to lower priority travel, training and supply requirements and oversight and evaluation activities.

Question 20: The FY 1987 budget notes that the use of Indian land by Indian livestock operators has declined from 92% in 1984 to 80% in 1985. We have not seen an increase in the number of non-Indians utilizing Indian land in the past four years. Indeed, the total amount of idle Indian land has increased to 1.4 million acres.

a. To what do you attribute the significant decline in the number of Indian ranching operators?

b. What amount of income is lost to tribes or individual allottees from the idle land?

Answer: (a) In the late 1960's and 1970's, lending institutions were approving agriculture loans to Indian operators with little or no collateral. Many operations were undercapitalized and remain in that condition today. Due to this undercapitalization, operators have not been able to expand or become commercial. In the late 1980's, declining land values, coupled with lending institutions' shift to a more positive cash flow system, were the reasons that many operators become overextended and unable to obtain operating capital. In the 1980's, BIA set farming and grazing rental rates based on off-reservation "arms length appraisals" transactions. The Bureau's effort to collect a fair rental rate for Indian land owners further compounded the undercapitalized problem.

The largest single factor that attributed to a significant decline in Indian ranching operators was lending agencies' refusal to make operating loans for annual grazing rental payments. The Indian operator had no choice but to sell all or a large portion of his livestock.

(b) Income loss due to idle land is computed as follows:

1.4 million acres divided by 4.5 average acres/animal unit month (AUM) x average price/AUM.

The estimated annual loss to tribes and individual allottees is $1,633,000.

Question 21: We have heard rumblings from Indian country about an impending credit crisis for Indian ranchers, principally with Farmers Home Administration loans. Some sources predict that as many 70% of all Indian operators may be facing foreclosure from FHA and other lenders. In most cases, Indian land has been mortgaged to secure these loans. As the BIA knows, the decline in the Indian ranching/agriculture economy (which incidentally, by the BIAs own figures utilizes four-fifths of the total Indian land base) has a ripple effect: Tribal governments and allottees lose lease income; Indian families lose source of income; and there is a real possibility of the Indian land base going out of trust status through foreclosures and sale of allotted lands. In states like Montana, ranching and agriculture is the only economy for most tribes, excepting those few which have a mineral base.

a. What is the acreage of Indian land which has been pledged as loan collateral and how much is at risk as a result of impending foreclosures?

b. What kind of dialogue has there been (or will there be) between FMHA and the BIA specifically about the impending loss of trust land through foreclosure?

c. What does the BIA consider its responsibility to be in protecting the Indian land base with specific reference to foreclosure by other Federal or private lenders?

Answer: a. The areas of highest concern relating to farm and ranch operations and high agricultural use are our Aberdeen and Billings Areas. They report an approximate total of 838,000 acres of individual trust land, involving 1,500 mortgages, and 670,000 acres of tribal land mortgaged with the land as security. Problem loans, or those that are delinquent, constitute 60-70% of the total. We have no estimate on the total number of acres represented by the deliquency figures. We understand that the general moratorium on foreclosures by FmHA is now over, and that delinquency notices are being mailed, so the foreclosure process has begun.

b. Meetings have been held between staff on the Offices of Trust Responsibilities and Indian Services staff with staff at various levels of Department of Agriculture.

Staff of the BIA Area and Central offices have visited the State Directors of FmHA for North and South Dakota. The Director of the Office of Trust Responsibilities and several of his staff met with the Program Assistant to the Administrator of the FmHA, in Washington, and several discussions have been held between BIA Area staff and local staff of FmHA and the Production Credit Association. No clear resolution to the serious problems was identified. We expect that these discussions will continue, and perhaps accelerate now that the foreclosure moratorium is over.
c. The Bureau of Indian Affairs has the responsibility to assist affected farmers and ranchers to the greatest degree possible within all resources available and prudent management guidelines.

The Bureau's trust responsibility does not extend to protecting the Indian land base from foreclosure by bona fide lenders. The Indians who acquired loans knew that there were risks involved in paying back their loans. In view of the client/loan officer relationship that exists between the lender and the Indian landowner, the BIA cannot become involved in negotiations between them unless the landowner specifically requests our assistance. Even then, the BIA may not have funds to assist Indian landowners to reschedule payments or to provide interim loans.

Question 22: I am sure that the Department is in the process of complying with the Congressional directive through P.L. 99-190 to evaluate the overall land use patterns relative to ranching and agriculture in Indian country. According to this directive the BIA will make recommendations to Congress for improving the roles of the Federal and Tribal governments in land management. This study is to be completed by September, 1986.

a. What methodology is the BIA using for this study?

b. What cooperative work will be done with other agencies which have an interest in Indian ranching and agriculture, for example FmHA, Department of Agriculture, etc?

c. If the study shows that additional funds are neccessary for range and land improvements etc., how and when will the BIA request this?

Answer: (a) The BIA has not adopted any particular methodology for this effort. Meetings are planned during March 1986 to finalize the approach to be used in completing the study.

(b) Several agencies have already agreed to participate in the study. The USDA Indian Coordinators; Soil Conservation Service; FmHA; Indian Credit Consortium, Billings, Montana; and several tribal governments will assist with the study.

(c) The study will seek ways to improve management within available funds. However, if further funding needs are indicated in the study, we will address the issue at that time. Funds are provided through the Indian Priority System portion of the budget. Therefore, tribes are able to give higher priority in their budget planning to meet the needs.

Question 23: On page 143, your request for FY 1987 is $15,328,000 based on a FY 1987 base of $15,871,000. How did you arrive at this base figure, since the FY 1986 adjusted base was $16,775,000? How do you account for the $994,000 which is the difference between the FY 1986 adjusted appropriation and your FY 1987 base?

Answer: The 1986 adjusted appropriation amount reflects the Gramm-Rudman-Hollings deficit reduction of $754,000. That data is provided throughout the budget for information purposes only; it is not used in establishing increases and decreases for 1987. The 1987 Base Program amounts are pre-deficit reductions. The $994,000 is the difference between the $1,748,000 Base transfer to Tribe/Agency, and the $754,000 G-R-H 1986 reduction.

Question 24: The FY 1987 budget reduction of $960,000 in mineral inventories for tribes reflects the deletion of projects funded in FY 1986.

a. Which Tribes are affected by this reduction?

b. When did the BIA begin contractual agreements with USGS and the Bureau of Mines to conduct minerals inventories? What were the factual situations at this time which precluded tribes from contracting under 638 for mineral inventories? What if any actions has the BIA taken to increase tribal capabilities to contract? In a nutshell, why hasn't there been more Tribal 638 activity in minerals resources assessments?

Answer: (a) In FY 1986, there were 27 minerals assessment projects including 7 new ones. For FY 1987, there will be a continuation of 14 of these projects plus 11 new ones (involving 35 tribes). Thus, the impact of this reduction spread among numerous projects will be minimal.

(b) The BIA began contractual agreements with Geological Survey and Mines to conduct mineral inventories in 1975, when the phased mineral inventory and assessment program was initiated.

Tribes have always had the option to contract for these programs through the 638 process; however, the Bureau lacked the geoscience capability to assist tribes and monitor such contracts until the Division of Energy & Minerals was formally established in 1980, and for some time after that while positions were being filled. There is also a limited number of staff with these capabilities in the field; and at present there are only about a dozen tribes that have minerals offices or geologists. Some of those offices have no capability other than to monitor leases.

Contracting officers at the Areas and Agencies assist tribes in proper preparation of 638 contracts. The Division of Energy & Minerals staff meet with tribes when they request minerals projects, and the tribes are advised of all options for proceeding including 638 contracts, the services of the Council of Energy Resource Tribes, the interagency agreements with Geological Survey and Mines, or outside contracting.

The Bureau has responded positively to all requests from tribes to contract under 638, within our funding and staff capabilities, and when the tribes have the capability to do so.

Question 25: What specific impact will the $353,000 reduction in irrigation and power have upon each existing project? Which operation and maintenance projects have you determined to be "lower priorities for delay?"

Answer: The reduction of $353,000 was prorated to all projects except for those in category 5 where full funding is required by law or court decree. Each of the projects in categories 2, 3, and 4, plus Navajo, would be reduced proportionately, with similar impacts to each. Each project does have priorities in work activities. Some may employ less personnel, such as ditchriders, and others may have structure replacement or canal cleaning as a lower priority of need.

Question 26: Except for the way in which the money is now identified, is there any change in the way the Tribe/Agency funds can be used? What about water negotiations?

Answer: The new line item called Tribe/Agency Operations does not change the way these funds can be used. They can be budgeted and used to support any program identified under the account, Operation of Indian Programs, including water negotiations, if a tribe(s) chooses to use its base funding for this purpose. It should be noted that tribe/agency funds may be used to assist in negotiations of tribes' water rights; however, they cannot be used to contract for water studies to secure data and evidentiary needs identified by the Justice Department, Interior Department solicitors, BIA staff, and the tribe. All of those needs are accomplished by BIA or through the Federal procurement process and the data and evidence are made available to the subject tribe. Tribe/Agency funds can be used for oversight purposes, travel, supplies and other such needs in the establishment of a tribe's water claims and related negotiations.

Question 27: What is included in "consolidated programs" operated at the Area office level?

Answer: Included in "consolidated programs" operated at the area level are those programs which would be inefficiant to operate each agency and are therefore supported at one center to service several agencies. Real estate appraisals, land records, soil science, etc. are typical of the kinds of programs supported in consolidated operations.

Question 28: How has the base funding level for each program activity under this new activity determined?

Answer: The base funding for each program activity under the new tribe/agency operations activity is based on FY 1986 funding enacted to date prior to Gramm-Rudman-Hollings reductions.

Question 29: On page 226 of the BIA budget justification, the amount of $7,841,000 for special law enforcement needs is included in the base. Please give some examples of activities funded under this item which improved overall quality of law enforcement programs on Indian reservations?

Answer: The Special law enforcement funds were used for: salaries, automotive operations and repair, contracted detention services, purchase of radio equipment, travel and per diem, evidence purchases.

Question 30: On page 218 of the justification, it states that "the overall amount of the Bureau budget was not increased in making this transfer of funds to this budget activity." Was the Bureau budget decreased by this transfer?

Answer: The Bureau's tribe/agency budget was also not decreased when this transfer was made.

Question 31: What is the rationale for not requesting money for new construction for those schools for which planning and design will be completed this year (Rocky Boy and Two Eagle River in Montana and Turtle Mountain in North Dakota)?

Answer: In light of budget constraints, it was determined that rehabilitation and repair of existing facilities is a higher priority than new construction and, therefore, no funds should be requested at this time.

Question 32: Have we essentially wasted the planning and design money?

Answer: No. We do not believe planning and design funds have been wasted. In the future, as the deficit situation improves, it should be possible to request funds for new construction projects that will utilize the planning and design work carried out with FY '85 and FY '86 funds.

Question 33: Your thrust from new construction to improvement of existing facilities raises two questions: what about those cases where facilities do not exist (the three schools mentioned earlier) and why the substantial decrease of over $6 million in the facility improvement and repair item here and the $1.1 million decrease in facilities management in the OIP budget line item for FY 1987?

Answer: In reponse to your first question, in light of budget constraints, it was determined that no new construction funds should be requested as part of the FY '87 budget. New construction is not as high a priority on the continued day-to-day operation of programs which directly serve Indian people. We are hopeful that funds required for the three schools mentioned earlier can be accommodated in future budget requests. In response to the second question, it was determined that -- to the extent practicable -- reductions in the operation and maintenance (O&M) program should be limited so that existing BIA facilities would not deteriorate. Reductions were necessary in the facilities improvement and repair item in order to maintain the relatively high funding level for O&M. The O&M reductions proposed were limited to actual reductions in square footage through demolition and Alaska agency closures where there would be no continuing BIA O&M requirements.

Question 34: In FY 1985, Congress appropriated $1 million for the Fort Belknap irrigation system, as the first of three installments of $1 million each for repair and completion of the project. In FY 1986, the BIA did not request second year funding and the Appropriations Committee, because of a draft Inspector General's report, failed to include the second $ 1 million in FY 1986. What is your assessment of this project? Do you know when or if a final IG report will be available? What is the status of the FY 1985 appropriated funds?

Please supply the Committee with a list of irrigation projects needing substantial rehabilitation or new construction in order of priority.

Answer: The Fort Belknap project is in need of rehabilitation. The Bureau is in the process of responding to the IG's report; we understand that the final report of the Inspector General will be printed shortly.

The work plans and Program of Work were submitted by the Agency Superintendent and approved by the Area Director subsequent to the draft IG report. Should the final IG report be positive we believe that the approved program and plans should be followed and, if so, funds appropriated to date would be exhausted by the end of FY 1986.

There is no bureauwide priority list. However, based on information submitted by our Area offices, the following is a list of ten projects needing substantial rehabilitation or new construction, in order of priority by area, with funding for each that could be effectively utilized in 1987:

Navajo Area - Navajo, New Mexico - $8.3 million to finish Block 6.
Phoenix Area - White Mountain Apache, Arizona - $5.0 million to continue construction of Miner Flat Dam.
Gila River, Arizona - $3.8 million to continue rehabilitation.
Duck Valley, Nevada & Idaho - $2.0 million for drainage works.
Fort Hall, Idaho - $2.5 million to replace siphon.
Fort McDowell, Arizona - $2.0 million to extend project.
Albuquerque Area - Ute Mountain Ute, Colorado - $2.0 million to commence the on-reservation portion of Delores Rehabilitation Project.
Billings Area - Fort Belknap, Montana - second increment of $1.0 million to continue project rehabilitation.

Aberdeen Area - Crow Creek, South Dakota - $1.6 million to extend project.
Portland Area - Yakima, Washington - $2.0 million for rehabilitation.

Question 35: Given the unmet housing needs in Indian country of 60,000 new units and 30,000 units in need of substantial reahabilitation, and the fact that very low-income and isolated Indians are not served by HUD, how does the BIA propose to serve these people if it does not ask for money for new construction? The need is more evident for new housing than for rehabilitation, is it not?

Answer: The BIA does not propose to provide funding in FY 1987 for new housing. However, funds for new housing could come from the Department of Housing and Urban Development, which may build houses for needy Indians in FY 1987 by utilizing available previously appropriated funds.

Question 36: Why doesn't the FY 1987 budget include any reference to or explanation of the deletion of the land acquisition item?

Answer: The Bureau has not requested funds for land aquisition for several years because of other high priority needs. Congress added funds in FY 1986 specifically for the Mississippi Choctaw and Covelo Indian Community. While the Bureau is authorized to request up to $2 million for land aquisition, higher priority needs precluded such a request in FY 1987.

Question 37: Is there any comparable item that tribes can use for land acquisition under the new OIP tribe/agency line item?

Answer: There is no comparable item that tribes can use for land acquisition under the new OIP tribe/agency line item.

Question 38: If not, what does the BIA propose to offer in lieu of this item if land acquisition is a tribal priority?

Answer: Tribal priorities can also be considered in the construction account and the Secretary can request up to $2,000,000 annually under the land acquisition line item if a high priority arises. However, there are currently no land acquisition needs that outweigh the need to fund the basic operating programs of the Bureau that serve Indian people.

Questions Submitted by Senator DeConcini

Question 1: In the budget justification, the discussion about school adjustments anticipated for FY 1987 includes references to the phase-down of residential programs related to the opening of the day program at the new Hopi High School and Papago High School. What are the current schedules for the opening of these new high school facilities in Arizona?

Answer: The Hopi High School is scheduled to open in the fall of 1986 and the Papago High School in the fall of 1987.

Question 2: Will both of these schools be operated directly by the Bureau?

Answer: At this time, neither tribe has submitted an application to operate its school under a 638 contract, although the Papago Tribe is considering the issue and will notify the Bureau of its intention.

Question 3: Why does the Bureau state that "some savings in funds and WSUs will result from off-reservation boarding schools students transferring to the new school (Hopi High School)?

Answer: The Indian School Equalization Program funding formula assigns weights for residential programs to reflect the additional cost incurred for boarding students. The Bureau anticipates that most of the Hopi high school students who are now attending off-reservation boarding schools will transfer to Hopi High School, which will offer them only a day program. Thus, fewer weighted student units will be generated and a savings of dollars will be realized.

Question 4: What is the total amount of funds now devoted to the operation of the Phoenix Indian School? How does this level of funding compare with amounted projected to operate the school in FY 1987? Please provide a breakdown of all the programs offered at the Phoenix Indian School.

Answer: In FY 1986, Phoenix Indian School received $3,251,600 of ISEP, $206,860 for a Chapter I project, $36,350 for exceptional education under P.L. 94-142, and $1,400,000 of Operation and Maintenance funding. The FY 1987 ISEP funding for Phoenix will depend on the actual enrollment next fall which we expect to be lower because of the Hopi students transferring to their new high school.

Phoenix Indian High School offers grades 9-12. The school is accredited by the State of Arizona and the North Central Accreditation Association.

The basic curriculum includes Language Arts, Math, Science, Social Sciences, Physical Education, Fine Arts, Business, and Vocational courses. Special programs at Phoenix Indian High School include services for the handicapped; remedial classes in Language, Math, and Reading through the Chapter I program; and drug and alcohol abuse programs in conjunction with the Indian Health Service.

Question 5: What portion of the $486,000 in closure costs is related to the the phase down portion of the Phoenix Indian School's residential program?

Answer: The actual costs cannot be determined until (1) the number of teachers and staff to be reduced is known and (2) how many of those staff are eligible for severance pay, lump sum payment for accrued annual leave, etc.

Question 6: Please provide a detailed explanation of the residential program now in place at the Phoenix Indian School and describe the specific changes to be made in that program if and when the phase-down is initiated in FY 1987.

Answer: The Phoenix Indian High School operates six dormitories. The residential programs provide for the housing and care of students, including room and board, sports, recreation, tutoring, and other counseling programs unique to residential situations, such as intensive residential guidance programs and alcohol and drug abuse programs. We do not expect to eliminate any of these programs in FY 1987. The phase-down is related only to the smaller number of students expected as a result of the Hopi students transferring to their new high school.

Question 7: There has been much discussion in the past year about the future of the Phoenix Indian School. Please advise the committee on how the Bureau is addressing this issue. What role are the Arizona Indian Tribes playing in the Bureau's review of this matter? When can the committee expect to receive the Bureau's recommendations on this matter?

Answer: The Bureau has developed an action plan with specific milestones and dates for a review of the Phoenix school. The Bureau's major concern is to continue to meet the educational and social needs of students needing to attend an off-reservation boarding school. The Arizona Indian tribes will be consulted during the review concerning their perceptions of the future of the Phoenix school. It is anticipated that a report of findings of the review will be submitted to the Congress by the summer of 1986.

Mr. ANDREWS. Thanks so much for your appearance today.

Mr. SWIMMER. Thank you.

Mr. ANDREWS. Our next witness is Dr. Everett Rhoades, the Director of the Indian Health Service.

Doctor, let me point out that we are glad to have you here. We are glad you, so to speak, weathered the storm down there and that you are back in action testifying before us.

Let me assure you that your entire statement will be made a part of the record. You can summarize it in any way you wish.

STATEMENT OF DR. EVERETT RHOADES, DIRECTOR, INDIAN HEALTH SERVICE, ACCOMPANIED BY EDWARD MARTIN, DEPUTY ADMINISTRATOR OF HEALTH RESOURCES AND SERVICES ADMINISTRATION; MILBURN ROACH, ASSOCIATE DIRECTOR FOR ADMINISTRATION AND MANAGEMENT; AND BILL PEARSON, COORDINATOR, OFFICE OF ENVIRONMENTAL HEALTH AND ENGINEERING

Dr. RHOADES. Thank you very much, Mr. Chairman.

Let me just introduce those who are accompanying me here.

I am Dr. Everett Rhoades, the Director of the Indian Health Service. On my far left is Dr. Edward Martin, the Deputy Administrator of Health Resources and Services Administration. On my immediate left is Mr. Milburn Roach, the Associate Director for Administration and Management in the Indian Health Service. On my immediate right is Mr. Bill Pearson, the coordinator of the Office of Environmental Health and Engineering.

We are pleased to be here today to discuss with you and the committee the fiscal year 1987 budget request for Indian health programs.

I perhaps would make just a few introductory comments to summarize the opening statement, the significant facts of which I believe are that the 1987 budget request contains the resources that will permit the Indian Health Service to continue to operate a comprehensive community-oriented primary care system for the Indian people that are eligible for our services. It does contain some reductions that represent the Indian Health Service's participation in achieving the goal of reducing the overall budget deficit as expressed in what is commonly referred to as the Gramm-Rudman-Hollings Act.

Mr. Chairman, you mentioned the term "microcosm" in the preceding testimony, which is the way that I have also expressed the representation of Indian health in this country as part of that which represents the health care of all people in the United States. That is the realization for the last decade that there are insufficient resources available to pay for all the care which is technologically available and which is demanded. That has been overriding all concerns in the Indian Health Service as well as the rest of the population, as I say, for a decade.

This has been compounded and perhaps partly caused by an ever-increasing cost of the ever-increasing complicated care that is required. Because of this, the Indian Health Service is faced with a number of extremely difficult interrelated questions. These questions include: Who is it that is to be served? What services are to be provided? How well are we utilizing our resources, and how effectively are we seeking all other available resources?

It's easy to see that questions of what might be called equity enter into this and are made more acute by these constraints of funding in this country. Questions on the allocation of resources for the Indian Health Service have taken on a greater importance.

I believe with that concern for what I believe is an appropriate description of what exists in the United States today, Mr. Chairman, I will be pleased to answer any questions you may have on specifics related to the 1987 budget request.

[Dr. Rhoades' prepared statement, on behalf of the Indian Health Service, follows:]

DEPARTMENT OF HEALTH AND HUMAN AND SERVICES

STATEMENT

BY

EVERETT RHOADES, M.D.

DIRECTOR

INDIAN HEALTH SERVICE

BEFORE THE COMMITTEE ON INDIAN AFFAIRS

UNITED STATES SENATE

FEBRUARY 18, 1986

STATEMENT OF THE DIRECTOR OF THE INDIAN HEALTH SERVICE

Mr. Chairman and Members of the Committee:

I am Dr. Everett Rhoades, Director of the Indian Health Service. I am accompanied by Dr. Edward Martin, Acting Deputy Administrator of the Health Resources and Services Administration, and from the Indian Health Service, Mr. G. H. Ivey, Deputy Director, Mr. Milburn Roach, Acting Associate Director for Administration and Management, Dr. Ward Hurlburt, Associate Director, Office of Program Operations, Ms. Luana Reyes, Acting Associate Director, Office of Planning, Evaluation and Legislation, Dr. Joseph N. Exendine, Acting Associate Director, Office of Tribal Activities, and Mr. Bill Pearson, Coordinator, Office of Environmental Health and Engineering. We are pleased to be here today to discuss with you the Fiscal Year 1987 budget request for Indian Health programs.

The Indian Health Service (IHS) is the Federal bureau charged with administering the principal health program for American Indians and Alaska Natives. The goal of the IHS is to raise the health status of Indian and Alaska Native people to the highest possible level. Its mission is threefold: 1) to provide and/or assure the availability of high quality comprehensive, accessible health services; 2) to provide increasing opportunities for Indians to manage and operate their own health programs; and 3) to serve as a health advocate for Indian people. In FY 1987, the IHS will continue its mission by providing comprehensive health services to over one million Indian and Alaska Native people.

Since the transfer of Indian Health programs from the Department of the Interior to the Public Health Service in 1955, this comprehensive health delivery system has developed into two modes of delivery. First, the direct health delivery system, which is administered directly by IHS staff, provides services through the operation of 45 hospitals, 71 health centers, and several hundred smaller health stations and satellite clinics. The second is the tribal health delivery system, which is administered by tribes and tribal organizations through contracts with the IHS. These tribal organizations operate 6 hospitals and approximately 250 health clinics.

The purchase of medical care from non-IHS and non-tribal providers is designated contract health services and is considered to be an integral part of the IHS health care system. Contract health services represent services either not available in IHS's direct or tribal facilities, or in locations where no IHS or tribal facility exists.

The FY 1987 budget request, which we are here to discuss, contains the resources that will permit IHS to maintain the above systems while at the same time it includes some reductions that represent the Indian Health Service's participation in achieving the goal of reducing the overall budget deficit as expressed in the Balanced Budget and Emergency Deficit Control Act commonly referred to as the Gramm-Rudman-Hollings Act.

For Fiscal Year 1987, the budget request for the IHS includes $799.1 million in total obligations and $722.4 million in budget authority, of which $720 million is for Indian Health services and $2.4 million is for the Indian Health facilities modernization and repair program currently under the Indian Health Facilities appropriation.

The FY 1987 budget request of $720 million for Indian Health services reflects a decrease of approximately $64 million from the 1986 revised request, which includes the effect of the sequestration of $10.4 million and rescissions totalling $24.3 million. Some of the $64 million decrease will be offset by increased collections achieved by intensifying efforts to collect from third-party payors, making management improvements, and reducing the cost of the contract health services program through negotiating lower rates. The FY 1987 request is consistent with the President's commitment to economic recovery and to the continued provision of quality health care to American Indian and Alaska Native people.

For the Clinical Services activities, the FY 1987 request of $620 million, a decrease of $38 million from the FY 1986 request, assumes a $25 million increase in third-party reimbursements from the FY 1986 estimate of $44 million.

Of the projected $25 million increase in reimbursements, an estimated $8 million would be collected from private insurance companies, which have issued health insurance policies to IHS beneficiaries. The $8 million in estimated reimbursements from private insurance companies assumes that the exclusionary clauses in insurance policies are removed or overcome and that itemized bills, providing necessary clinical information, can be rendered to the insurance companies consistent with private health insurance standards. The exclusionary clauses prohibit payment for services rendered in a federal facility because the policy holder has no liability to pay for the services. An administrative provision has been proposed in the IHS appropriations language which would allow IHS to take whatever steps are necessary to collect from third-party payors.

The remaining $17 million of the projected increase in reimbursements assumes additional reimbursements will be collected from Medicare and Medicaid through intensified efforts to identify Medicare and Medicaid beneficiaries among the IHS beneficiary population and continued improvements in billings associated with expansion of the automated billing and collection system.

The FY 1987 request for the Clinical Services activities also reflects a decrease of over $27 million from the FY 1986 revised request in the Contract Health Services activity. This decrease assumes that IHS will be able to pay health care providers at no more than the Medicare allowable rates. A notice will be published in the Federal Register notifying providers of the IHS policy.

Almost $38 million is requested to maintain Preventive Health activities in the areas of Sanitation, Public Health Nursing and Health Education; and $395,000 is requested to continue the immunization program in Alaska at a maintenance level.

For the Indian Health Manpower activity, $5.4 million is requested to support all continuation scholarships, as well as the In-Med, MPH, Extern and Preparatory programs.

The FY 1987 request for the Direct Operations activity is $56.2 million, a small decrease from the FY 1986 revised request. This decrease assumes management improvements will result in dollar savings in the areas of space, travel, consultant services, equipment and supplies, etc. Included in the request is $2.5 million to expand the Resources and Patient Management System.

I am pleased to report that we have made a number of program achievements in FY 1985 and FY 1986. These accomplishments fall into three broad areas: health services, management improvements, and Indian self-determination activities.

Let me cite one example. I feel that continued implementation of the Resource Patient Management System (RPMS) provides the needed mechanism for more cost effective management of the IHS in FY 1987 and future years. The RPMS is an ambitious, but important innovation to IHS programming. When fully implemented, the RPMS will place multi-user computers at IHS Areas, Service Units, Hospitals, and Health Centers to support administrative functions, hospital operations and patient care in general, and local data collection and processing in a variety of application areas.

Benefits to be derived from this system are many and varied. Essentially the system will result in greater cost savings by improving third-party collection procedures, and will provide management at all levels of the organization greater and more timely information to assist in the deployment of resources. RPMS will also have positive benefits on patient care by providing clinicians easy access to a reliable source of patient data to assist in medical decision-making.

Mr. Chairman and members of the Committee, I will be pleased to answer any questions you may have on the specifics of the FY 1987 budget request.

Senator **Andrews**. Thank you, doctor. I appreciate your statement and I appreciate your being here. Let me also commend you and your colleagues for the considerable expansion of information contained in this year's IHS budget justification. It makes our job that much easier when we have that additional information.

Doctor, the infant mortality table contained in the IHS budget justification indicates that infant mortality rates in the Aberdeen, Tucscon, Navajo, and Portland area of the Indian Health Service system are well above those of the general population. What plans do you have in fiscal year 1987 to target resources in these areas for the reduction of infant mortality rates?

Dr. **Rhoades**. We have basically two approaches, Mr. Chairman. One is increased attention to that specific problem. It appears from a medical standpoint that some of these are not so readily amenable to correction. For example, an important contributing factor to infant mortality in the Aberdeen area specifically is from a very poorly understood syndrome called sudden infant death syndrome. For reasons not clear to us, there does appear to be an increased incidence of what we call SIDS, the acronym for that, in that area.

By increased attention to pediatric care, and then specifically taking into account in the 1987 allocation of resources we propose an element for the distribution of those resources, taking into account specifically the kind of question you raised; that is, an estimate made of the relative degrees of the effects of mortality. In this case we propose to express this as the years of life lost, which means that we would be apt to direct our resources more toward those causes of death in early life rather than those occurring at the end of life.

Senator **Andrews**. Doctor, no funds are requested for the provision of water and sanitation services to Indian homes in fiscal 1987. That has traditionally been in your shop. Are these funds being requested by another agency?

Dr. **Rhoades**. I am not aware that those specific funds are being requested by other agencies responsible for provision of sanitation facilities.

Senator **Andrews**. Did you ask for these funds from the Office of Management and Budget? When you submitted your request on the budget, did you ask for these funds?

Dr. **Rhoades** [continuing]. The original budget submission by the Indian Health Service did contain an element for provision of sanitation facilities.

Senator **Andrews**. I would think so, and that makes sense because if these funds aren't being requested by another agency, and if the Office of Management and Budget turns your request down, it would mean, then, that the administration must be proposing to leave new and existing Indian homes which have already been constructed without access to safe water supplies and adequate sanitation facilities. Isn't this essentially the case?

Dr. **Rhoades**. Yes, sir, I believe that is correct.

Senator **Andrews**. Yes. We found that we have had constructed—and this is one of the eerie things in this budget shuffle we get involved in—we have had constructed on Indian reservations homes; they are there; they are ready to move in but they aren't connected to any water and sewer system yet, and the Office of

Management and Budget has decreed that the money which should come for this is not going to come.

Is this, doctor, in your estimation, as a medical individual, a sound health policy?

Dr. RHOADES. Mr. Andrews, I don't believe that I am prepared to answer that.

Senator ANDREWS. You don't have to, doctor; I think the answer is self-evident, but that is one of the problems that we face in this budget.

Now is the Department of HUD holding some funds for the completion of the hookups that are already built?

Dr. RHOADES. It is my understanding that that is the case.

Senator ANDREWS. Is there enough to complete these sanitation facilities?

Dr. RHOADES. Our conversations with that Department indicate that they have advised us that that would be the case, yes.

Senator ANDREWS. But, as I understand, you just requested that HUD transfer this money. Has there been any rescission requested of Congress by HUD to cut this money out that would otherwise be available?

Dr. RHOADES. I am not prepared to speak about the budget of the Department of Housing and Urban Development.

Senator ANDREWS. As it stands now, what we are doing in this year 1986 is telling our Indian people, fine, in our housing programs we are going to give you a house but you are going to have to get along with a privy out back. Do you suppose the general American public knows that that is what the Office of Management and Budget is proposing?

Dr. RHOADES. The understanding that we have is that the agencies responsible for building those houses have the responsibility to complete the house, including sanitation facilities.

Senator ANDREWS. But are they, Doctor?

Dr. RHOADES. I am not prepared to answer that. I don't know.

Senator ANDREWS. We understand that they are using IHS as the means for constructing the sewer and water facilities and that they are telling people that their responsibility is to the housing; the sewer and water facilities go to IHS. What people out on the reservation are telling us is we have these houses but we don't have them connected to water in or sewage out.

Dr. RHOADES. I believe that we will find that in those instances where that message has been passed on it refers to those houses where we are continuing to collaborate with the Department of HUD.

Senator ANDREWS. I know you're continuing to collaborate, but, as you said a moment ago, you requested funds for these sanitation facilities. Therefore, you must have felt they were necessary. You were turned down by OMB. That is what I heard you say. You also said that nobody else is requesting them. Therefore, since you requested them, thought they were necessary, you didn't want a privy out back, but since OMB turned them down, and to the best of your knowledge there is nobody else requesting them, there is going to be an awful lot of new Indian housing that has a privy out back, unless we find some place where this provision is going to roll in.

Again, Doctor, the reason for these hearings is just to get as much information as we can.

Let me ask one other question and then I will submit the rest of them for the record. Your budget justification proposes to strike language in the Appropriations Act that proscribes the billing of Indian patients until Congress adopts a policy and directs the Indian Health Service to implement that policy. Are you proposing to begin billing Indian patients for services they receive from the IHS in fiscal 1987?

Dr. **Rhoades**. No, sir; we are not. We have no intention of billing individual Indians for care provided to them.

Senator **Andrews**. Thank you very much, Doctor. We appreciate your appearance.

[The following additional written questions were submitted to the Department of Health and Human Services and appear with the Department's responses:]

The Department of Health and Human Services Response to Questions Raised by the Senate Select Committee on Indian Affairs Subsequent to the February 18, 1986 Hearing on the Fiscal Year 1987 Budget Request for the Indian Health Service

The following questions were submitted in a letter received on March 4, 1986. Topic identifications have been retained, and in some cases added, but some questions have been renumbered sequentially to avoid confusion.

Submissions by Senator Andrews

1. Question: For fiscal year 1987, what is the identified need for funds to support the indirect costs associated with contracts that have been entered into between tribal contractors and the Indian Health Service under the authority of the Indian Self-Determination Act (Public Law 93-638)?

   Answer: The FY 1987 requirement for indirect costs associated with P.L. 93-638 contracts costs is currently being analyzed and the Indian Health Service (IHS) hopes to have an estimate by April 1.

2. Question: Have funds for the support of indirect costs been included in the President's Budget Request for Fiscal Year 1987, and if so, in what amount, and in what portion of the budget are these funds identified?

   Answer: The FY 1987 Budget contains approximately $18 million for the support of P.L. 93-638 contractors' indirect costs, the same as in FY 1986. These funds are in the Hospitals and Clinics Activity.

3. Question: If reimbursements from the Federal Medicaid and Medicare programs were not allowed to be offset against the amounts requested for appropriation in fiscal year 1987, what would be the projected impact on IHS operations and the capacity of IHS to provide health care services under the Hospitals and Clinics budget activity?

   Answer: Not receiving the $25.2 million offset from Medicare and Medicaid collections projected in the FY 1987 budget request would have a direct effect on the Hospitals and Health Clinics Activity. It would be necessary to reassess the resources available for clinical services operations and make the necessary adjustments in the level or range of services provided in order to maintain acute clinical care services directed at preserving life.

4. Question: What has been the IHS or tribal experience with health maintenance organizations, with specific reference to the Pascua-Yaqui tribe's experience with a health maintenance organization? Has this been a successful program, and if so, why?

   Answer: The Pascua-Yaqui Tribe experience has been worthwhile as far as services rendered. It has been successful in that the Tribe has been able to receive adequate care and is relatively pleased with the care overall. As you know the Pascua Yaqui Tribal members were enrolled in the only HMO with which the IHS contracts. The cost of the HMO benefit package was very favorable to the IHS. However, this HMO has discontinued services. The IHS is seeking bids on the Pascua Yaqui contract, but estimates are that the cost of the contract will increase by 50 to 75 percent.

5. Question: Does IHS provide funds to supplement the health care services or health education services that are available to eligible members of the Pascua Yaqui tribe? Has IHS provided any financial support for such services to Pascua-Yaqui tribal members in the past, and if so, in what amounts?

   Answer: Yes. For FY 86 the IHS provided funds which supplemented services available to the Pasqua Yaqui Tribe in the following amounts:

$136,000	Tribal health support program for indirect care to supplement administration
60,800	CHS funds for dental services
7,000	Dental equity funding
5,000	Mental health tribal contract
32,200	Alcoholism tribal contract
5,000	Health Education tribal contract
73,400	CHR tribal contract
5,000	Sanitation funding

6. Question: Was there any Federal financial support to the Pascua-Yaqui tribe or to the health maintenance organization to establish the HMO plan for the Pascua-Yaqui tribe, and if so, how much was expended for this purpose?

   Answer: The IHS did not provide any funds to establish the HMO plan. However, El Rio Santa Cruz, the HMO with which IHS contracted for the care of the Pascua Yaqui, was established as a community health center with Federal support.

7. Question: Does the President's Budget Request for Fiscal Year 1987 reflect the proposed change in policy that would offset 90% of a 638 tribal contractor's non-IHS program income against amounts the contractor might otherwise anticipate receiving from the Indian Health Service? If so, where in the IHS budget justification is this policy change reflected?

   Answer: The IHS, with tribal 93-638 contractor participation, is developing a refined resource allocation methodology to establish the basis for allocating funds for the support of health services programs to achieve relative comparability of the level of need funded for both IHS and tribally contracted health programs. This methodology considers all available health resources applied to the resource need, and will be part of the new IHS policy for determining the level of funding for tribal P.L. 93-638 contract programs in FY 1987. The methodology and proposed policy are currently being developed and, thus, are not reflected in the President's Budget Request for FY 1987.

8. Question: The IHS budget justification proposes to merge the Indian Health facilities account and the Indian Health services account, and further requests the language be contained in appropriations acts to allow appropriated funds to remain available until expended. What is the rationale for requesting authority for appropriated funds to remain available until expended? If the requested authority were approved by the Congress, what plans does the Department have for offsetting unexpended funds against amounts requested for appropriation in succeeding years?

   Answer: The rationale for requesting authority for appropriated funds to remain available until expended is largely based on the desire to provide greater management flexibility and efficiency. The Department, at this time, does not plan to propose an offset of unexpended funds against amounts requested for appropriation in succeeding years.

9. Question: Over $56,500,000 in deficiencies have been identified by the Joint Commission on the Accreditation of Hospitals and the Health Care Financing Administration for IHS facilities. It is the Committee's understanding that the $56,600,000 is needed to maintain the accreditation of IHS facilities. Because in prior years, the amount of reimbursements collected from Medicaid and Medicare sources has not been sufficient to address the identified deficiencies, why is the Department proposing to expand the purposes for which such reimbursement can be expended?

   Answer: The Department proposes to utilize some of the collections to provide additional health services to the eligiblie IHS beneficiaries only after the funding needs for correction of JCHA/HCFA deficiencies have been met.

10. Question: What is the basis for the $1,756,000 increase to the Health Resources and Services Administration (HRSA) Service and Supply Fund? What specific services are provided to the IHS out of the HRSA fund?

    Answer: Of the $1,756,000 built-in increase in the IHS FY 1987 budget request, $475,000 is related to the Service and Supply Fund. The remaining $1,281,000 is associated with increased costs of the Federal Employees' Compensation Fund (+$1,147,000) which is managed by the Department of Labor and with increased FTS costs (+$134,000). The $475,000 represents a seven percent increase over IHS's estimated reimbursement to the Service and Supply Fund in FY 1986.

The Service and Supply Fund is managed by the Office of the Assistant Secretary for Health, Public Health Service (PHS). Each Bureau within the PHS is provided shared, reimbursable services through this Fund. The specific servies provided through the Fund which benefit IHS as well as other Bureaus within PHS include central administrative, personnel and fiscal/accounting services; commissioned officer personnel operations; contracts and personnel data systems; reports, forms and data management; and Parklawn Computer and Training Centers.

11. Question: Including any unobligated balances that may have been carried forward into fiscal year 1986, what is the total amount of funds that IHS anticipates collecting from Medicaid and Medicare resources in fiscal year 1986?

Answer: Based on five months experience, IHS estimates it will collect $44 million from Medicare/Medicaid in FY 1986. There will be a $13.1 million carryover from FY 1985 collections resulting in a $57.1 million availability in FY 1986. IHS estimates it will obligate $42.1 million in FY 1986 leaving a carryover of $15 to be obligated during the first quarter of FY 1987. Approximately one-fourth of the collections occur during the last quarter and result in the carryover to the next fiscal year. Carryover is necessary because the greatest number of the deficiencies are personnel services and funds must be available at the beginning of the fiscal year.

12. Question: What is the total recurring base for Medicaid and Medicare requirements to correct either JCHA- or HCFA-identified deficiencies in IHS facilities?

Answer: Approximately $40.0 million.

13. Question: Please identify by project, the amount of funds that would be necessary to complete construction on IHS hospitals, outpatient facilities, and personnel quarters for which funds have been previously appropriated, without regard to whether a rescission of prior appropriated funds has been proposed.

Answer: The table below shows the amount of funds necessary to complete construction on IHS hospitals and outpatient facilities.

PROJECT	FUNDS RC'D/YEAR		TOTAL COST	BALANCE
Hospitals				
Rosebud, SD	1,248,000 1,006,000 10,304,000	(82) (85) (86)	18,700,000	6,142,000
Pine Ridge, SD	1,360,000	(84)	23,016,000	21,656,000
Anchorage, AK	2,000,000	(84)	100,000,000	98,000,000

Sacaton, AZ	1,199,000 4,900,000	(83) (85)	18,545,000	12,446,000
Kotzebue, AK	1,958,000	(86)	36,888,000	34,930,000
Outpatient Facilities				
Toppenish, WA	616,000	(86)	11,091,175	10,475,175
Wagner, SD	360,000 99,000	(85) (86)	6,000,000	5,541,000

There are no personnel quarters for which partial funding has been received. FY 1986 figures are the amounts remaining after sequestration.

14. Question: How many existing Indian homes and Indian homes that are in the pipeline for fiscal year 1987 lack first-service water and sanitation facilities?

Answer: There were over 22,000 existing Indian homes identified at the end of FY 85 which lacked first-service water and sanitation facilities. For fiscal year 1987, the IHS estimates that 1,000 new/rehabilitated Bureau of Indian Affairs (BIA) sponsored homes and another 2,000 new homes sponsored by tribes and others will be constructed or rehabilitated and will require sanitation facilities for which IHS is not funded.

15. Question: What is the rationale for the failure to request funding for positions to staff newly-completed IHS facilities?

Answer: The President's Budget reflects the position of obtaining a balanced budget by 1991 and reducing the deficit each year to obtain this goal.

16. Question: Please provide the Committee with a copy of the study commissioned by IHS to ascertain the amount of funds that could be collected from private insurers.

Answer: In 1984, Macro Systems, Inc., completed a report titled "Final Report of an Assessment of Private Insurance Coverage and Medicare/Medicaid Reimbursement among Indians Eligible for Health Care Provided by the Indian Health Service". At Appendix A* are the pages from the report which provides the Macro Systems, Inc. estimate of private insurance billings and collections which was the basis of the estimate contained in the FY 1987 budget.

17. Question: The President's Budget Request for Fiscal Year 1987 proposes to strike language contained in the administrative provisions of appropriations acts that proscribes the billing of individual Indians.

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*Retained in the files of the committee.

When asked whether IHS intends to begin billing individual Indian patients in fiscal year 1987, Dr. Rhoades responded, "We have no intention of billing individual Indians for care not otherwise provided for them". The Committee assumes that individual Indians would never be billed for care that was not provided to them, but if there is no intention to begin billing individual Indian patients for the services rendered to them in IHS facilities, why is the Administration requesting that the appropriations proscription on billing be removed?

Answer: The IHS is attempting to collect from health insurers for care it provides to Indians covered by health insurance. The current appropriation language prohibits IHS from billing Indians. Should it be possible to bill Indians in order to collect from insurance companies, we would want to have that option as long as the billing could be structured so as not to result in any personal liability on the part of the Indian beneficiary. In addition, the Public Health Service has proposed legislation that will overcome exclusionary clauses in health insurance policies thus requiring insurers to pay IHS claims.

18. Question: In testimony before the House Interior Appropriations Subcommittee, Dr. Rhoades indicated that if contract care providers refused to accept contracts with IHS that limited the amount of reimbursement to the provider to the Medicare rate, there would be additional funds made available to transport patients to the next closest health care provider. Have these funds been identified in the President's Budget Request for Fiscal Year 1987, and if so, in what portion of the budget are they identified?

Answer: No additional funds have been identified in the FY 1987 budget request. However, the Contract Health Service budget includes a catagorey identified as "Patient and Escort Travel".

19. Question: The INMED program was apparently assured by the Indian Health Service that additional funds would be identified to its contract with IHS to cover the costs of the Director's salary. Have those funds been added to the INMED contract, and if so, in what amount?

Answer: Senate Report 99-141 at page 89 stipulates that the "Indians Into Medicine Program will receive $281,000 for administrative support". These funds should be sufficient to cover the cost for a director's salary. To make additional funds available for INMED would require a reprogramming. Since IHS is experiencing program reductions, a reprogramming of clinical funds to INMED is not desirable. Therefore, since a reprogramming is not being requested, funds above those specified in the Senate Report have not been added to INMED this year.

20. Question: Do the amounts requested for Indian health manpower reflect a limitation on the provisions [sic] of scholarships to students who are in their junior and senior years of study only?

Answer: For the 1986-87 school year, the Pregraduate Education Program (Section 103(b)(2) of P.L. 94-437) for pre-medicine and pre-dental students will be limited to those at the junior and senior level. We would expect similar priorities to be in effect for the 1987-88 school year. There is no similar limitation on the Indian Health Scholarship Program (Section 338G of the Public Health Service Act formerly section 104 of P.L. 94-437).

21. Question: The President's Budget Request proposes a rescission of $1,738,000 for Emergency Medical Services. The Committee understands that the Emergency Medical Services funding provides financial support to 65 tribal ambulance service programs. Please provide the Committee with a listing of these 65 service programs by location and the funding level for each program.

    Answer: The requested information is at Appendix B*.

22. Question: The President's Budget request proposes a rescission of $2,474,000 for Contract Health Care Services. Please provide the Committee with information as to where (area offices and service units) the proposed reductions would be realized.

    Answer: The $2,474,000 recission will be applied in all contract health service programs on an equitable basis reflecting conditions at the time the recission is implemented.

23. Question: The President's Budget Request proposes a rescission of $6,791,000 for the Hospital and Clinics budget activity. Is this reduction proposed to be taken out of area office or service unit budgets? What impact is the proposed rescission expected to have on tribal contractors?

    Answer: The proposed reduction will be distributed to the service units on an equitable basis. Assuming the proposed rescission is approved, tribal contractors providing certain emergency medical care will be supported through March 31, 1986. The funds available after the rescission level will permit an orderly phase down beginning in April 1986.

24. Question: The President's Budget Request proposes a reduction of 44 FTEs in Dental Services, with a reduction of 86,000 clinical services to 11,000 patients in fiscal year 1987. Where will these reductions in dental staff occur, by area office and service unit? What impact will the reductions have on tribally-operated programs?

    Answer: The reduction in services resulting from the $952,000 decrease in the President's FY 1987 Budget will be shared across the IHS dental program by increasing the time vacant positions are lapsed. This strategy is similar to that used to accommodate the excesses of inflation over actual increases received. Tribal programs share decreases of this type in a manner similar to IHS operated programs. As noted on page IH 59 of the Justification of Appropriate Estimates, a needs/performance based resource allocation model is being implemented in the current (FY 85) fiscal year. The intent of the model is to promote the equitable and efficient use of available resources. Its application in FY 87 will likely result in some areas absorbing a larger portion of the proposed decrease than others. It would be very speculative at this time to predict the distribution of the decrease by area and service unit.

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*Retained in the files of the committee.

25. Question: Please provide the Committee with data on Medicare and Medicaid collections, showing the amounts for Medicare and Medicaid separately for each state.

Answer: The following table depicts the Medicare and Medicaid collections from each state for fiscal year 1985:

STATE	MEDICARE	MEDICAID
ARIZONA.	$4,261,987	$5,216,683
NEW MEXICO	3,808,517	2,839,681
SOUTH DAKOTA	1,809,939	1,795,464
WASHINGTON	*	1,403,804
ALASKA	2,509,210	1,334,892
MONTANA	329,267	1,021,336
NORTH DAKOTA	461,876	740,181
MINNESOTA	419,267	502,971
OKLAHOMA	2,972,166	245,404
IDAHO	*	166,141
NEBRASKA	99,657	132,433
NORTH CAROLINA	329,941	116,975
OREGON	*	83,408
MISSISSIPPI	145,507	41,877
MICHIGAN	*	5,249
NEVADA	*	740
TOTAL	$17,313,971	$15,647,245

*The IHS facilities in this state are free-standing clinics and, therefore, are not authorized by the statute to bill Medicare.

Question: Please provide the Committee with a copy of the "CHS Guidelines".

Answer: The IHS Guidelines: Federal Register, dated August 4, 1978; Federal Register, dated March 16, 1983; and Indian Health Manual, TN No. 82.1, dated January 27, 1982, are at Appendix C*.

27. Question: Please provide the Committee with a chart showing the history of appropriations requests through the Department for fiscal year 1987 (commonly referred to as the "Who Struck John" chart).

Answer: The charts at Appendix D* reflect the history of the FY 1987 request.

28. Question: The President's Budget Request proposes a reduction of $1,500,000 for the Direct Operations budget activity from fiscal year 1986. Included in this proposal is a request to reduce staffing by 67

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*Retained in the files of the committee.

FTEs. How will the reduction of 67 FTEs be distributed among IHS Headquarters, Area Offices, Service Units, Headquarters West, Office of Research and Development, and the Continuing Clinic Education Center? What is the rationale for including professional medical and dental staff in the proposed reductions of Area Offices?

Answer: The FTE reduction that is contained in the budget is there for technical budgetary reasons only. Since there is a provision in the Appropriations Act that prohibits personnel ceilings, the IHS does not impose FTE ceilings. The amount of resources available determines the FTEs purchased. The mix of staffing types within Direct Operations is determined by the expertise necessary for effective management of IHS programs. In this regards the IHS recently initiated a review of the Headquarters and Area/Program Office staffing patterns. This review includes special analyses designed to define more accurately the functions that are required at Headquarters and Area/Program Offices based on the current responsibilities and organizational structures and the most appropriate budget categories to which positions should be charged. This information will be utilized to develop a proposal to transfer resources among the various budget categories as well as to assist in determining allocations.

29. Question: The President's Budget Request proposes a phased reallocation of resources. What is the status of planning for a resource reallocation? What efforts have been made to coordinate strategic planning efforts with Indian tribal governments?

Answer: The IHS resource allocation strategy proposes a phased implementation of objective allocation formulae. These formulae are still under development and include components of user population, actual workload or utilization, productivity standards, variable costs and health status information. A phased implementation over several years will allow for further refinement and validation of the formulae with the tribal governments and organizations. The incremental implementation will also allow reasonable time frames to accommodate funding adjustments (increases and/or decreases) in the existing IHS and tribal health care delivery systems.

30. Question: The IHS budget justification refers to a "more refined definition of core services" as one means of reducing the impact of cuts to the hospital and clinics budget activity. Does the Department intend to reduce the health benefits package that is currently provided to eligible Indian patients? If not, what is the meaning of the phrase quoted above?

Answer: The phrase "a more refined definition of core services" means that we have developed categories of services which can be prioritized in order to operate within available appropriated funds. During any period of budget limitation the services with the highest priority would be assured.

31. Question: The IHS budget justification refers to a phased redistribution

of resources. Will this redistribution take into account an Indian patients' access to alternate resources, and if so, how will such access be determined? Is such access theoretically determined or based on actual provider availability information?

Answer: A primary focus of the IHS resource allocation strategy is on that need which is not covered by alternate resources. The proposed resource allocation process will not account for individual patients' access to non-IHS resources. The methodology will assess community level resources by accounting for any revenue (collections) or cost avoidance resulting from the provision of comparable health care services by other parties; i.e., states, counties, other Federal programs, etc. The current plans propose to utilize the data obtained in an over sample of Indians in the National Medical Expenditure Survey which is designed to assess the use of alternate resources by the Indian community. Until the survey data are available, the IHS will rely upon the data reported by the IHS and tribal programs.

Submissions by Senator Melcher

Facilities:

32. Question: In the rescission message, the reason given for proposed rescissions of over $38 million in facilities monies is that the cuts are part of the Administration's attempt to reduce the deficit and to curtail outlays for capital construction and improvement projects. However, the budget says the cuts are needed because of the construction backlog, with large unobligated balances. Which of these statements is the true one?

Answer: We are in support of the Administration's attempt to reduce the deficit and to curtail outlays for capital construction and improvement projects. We also agree that there is a construction backlog with large unobligated balances. We are planning to utilize previously unobligated funds to reduce the construction backlog and, thereby, reduce our future construction requirements.

33. Question: The unobligated balance you propose to carryover into 1986 is about $39 million. How much of that amount will in fact be obligated in 1986? How much do you anticipate will be available for use in FY 1987?

Answer: Approximately $23,000,000 of the $39,000,000 carry over funds will be obligated in FY 1986. There are also ongoing projects which cannot obligate funds because the project is still under design or equipment cannot be purchased because the facility is still under construction. There are approximately $13,000,000 that fall under this category, however, it is anticipated that the majority of these funds will be obligated in FY 1987. For the remaining $2,900,000, we will be requesting that these funds be reprogrammed since these projects have been completed. The projects and the related funds are:

Finished Projects

Anadarko, Oklahoma	$ 175,000
Browning, Montana	2,300,000
Tsaile, Arizona	407,000
subtotal	$ 2,882,000

Unfinished Projects

Anchorage, Alaska	$ 1,930,000
Wolf Point, Montana	3,258,000
Kyle, South Dakota	2,956,000
Crownpoint, New Mexico	4,943,000
subtotal	$ 13,087,000
TOTAL	$ 15,969,000

34. Question: What is the rationale for moving the facilities item into the Indian health budget as a subactivity?

Answer: The rationale for merging the Indian Health Facilities appropriations into the Indian Health Appropriation is to provide greater management flexibility and efficiency.

35. Question: Given the $516 million in unmet need for sewer and water, why has the Administration requested only $2.45 million?

Answer: The Administration did not request any funds for sanitation facilities construction in FY 1987. The $2.45 million was requested for modernization and repair of IHS hospitals and clinics. Funding for sanitation facilities construction was eliminated from the FY 1987 budget request because of priority decisions to request funding for inpatient and outpatient medical care.

36. Question: The acronym BEMAR stands for "Backlog of Essential Maintenance and Repair" for the 46 hospitals, 137 clinics and 201 other IHS facilities. How "essential" are these needed repairs, given the fact that $4.9 million will be used for BEMAR deficiencies in FY 1986 and there is no request for any substantial increase in 1987?

Answer: Repairs identified as BEMAR are needed to deter further deterioration of older buildings, to maintain the integrity of newer (3 to 10 year old) buildings, and to assure the safety and comfort of staff, visitors and patients alike. The IHS has developed a priority system to establish an order of precedence for completing BEMAR projects and a first attempt at a plan for reducing BEMAR to a manageable figure within a short time frame. However, with the reorganization of the IHS, the establishment of a unified engineering program, and the influx of a far-sighted engineering management team, further refinements are necessary to establish a reasonable priority system and a realistic schedule for the reduction of BEMAR. The FY 1988 budget request will reflect a prioritized list of special repair and improvement projects designed to reduce the BEMAR.

37. Question: How do you propose that the government can protect its considerable investment in IHS facilities without additional funding?

Answer: Within the current level of BEMAR appropriations and requests, IHS will be able to address immediate, serious problems as they occur. As mentioned above the FY 1988 budget request will reflect a prioritized list of special repair and improvement projects designed to reduce the BEMAR.

38. Question: Can you provide the Committee with estimates on the loss that might accrue to the United States if these facilities are not repaired in a timely manner? (Given the current rates of reduction of the backlog, it will be 15 years or more before the existing "essential" repairs are made.)

Answer: The IHS cannot, at this time, provide a dollar estimate that might accrue to the U.S. Government if facilities' repairs are not effected in a timely fashion. Within the current level of BEMAR appropriations and requests, IHS will be able to address immediate, serious problems as they occur. As mentioned above the FY 1988 budget request will reflect a prioritized list of special repair and improvement projects designed to reduce the BEMAR. However, it can be stated that allowing this BEMAR to escalate year to year without significant effort towards its reduction could result in accelerated deterioration and future costs and will impact directly upon patient care. Quality of patient care will be affected due to increased unreliability of heating, air conditioning and ventilating systems; electrical systems; fire suppression and detection systems; roofing systems; etc. Deterioration of these types of utility systems can jeopardize accreditation (Medicare/Medicaid, Joint Commission on Accreditation of Hospitals, ect.) necessary to assure reimbursement for Medicare/Medicaid authorized services.

39. Question: Are these deficiencies ranked in order of priority or how is the decision made as to which will be tackled first?

Answer: The IHS has developed a system of applied criteria for the prioritization of repair and improvement projects. The system was used for the first time this year to choose the specific projects, but further refinements are necessary and are being developed at this time.

Hospitals and Clinics: In FY 1986 Congress appropriated $482,213,000 for hospitals and clinics. After the Gramm-Rudman sequestration this amount was reduced to $477,622,000, and after the President's recission request it was reduced further to $470,831,000 for FY 1986. The proposed request for this program for FY 1987 is $483,229,000, which results in an increase of $12,398,000. The budget submission also shows a decrease of 292 FTEs.

40. Question: How will these FTE decreases be distributed among the facilities?

Answer: The FTE reduction that is contained in this budget is contained in there for technical budgetary reasons only since there is a provision in the Appropriations Act that prohibits personnel ceilings in IHS. However, the ability to purchase FTEs is based upon the resources available. Any needed reductions below the previous year will be equitably distributed throughout IHS.

41. Question: Does this decrease in FTEs reflect a decrease in administrative personnel or just direct services personnel?

Answer: At this time it is unknown if a reduction would be necessary and, if necessary what the distribution of the reduction would be.

42. Question: What is the level of funding for the model diabetes program in FY 1986, and proposed for FY 1987?

Answer: The FY 1986 funding level for the Model Diabetes Program is $1,870,000. The FY 1987 estimate is $1,982,000.

43. Question: Will the proposed budget reductions lead to a policy to withhold care or treatment from certain types of patients (such as renal dialysis patients) and, if, so, could you please furnish the Committee with the number of people affected, the number of years of excessive deaths that will result, and the savings that could be expected?

Answer: The IHS policy is to provide health care and services based on medical priorities with no intention to withhold care or treatment under emergency and life-threatening conditions. No excessive deaths, therefore, are expected to result from the projected budget.

Equity Fund: Concerning the Equity Health Care Fund established by IHS in FY 1981 to provide priority funding to those tribes with the greatest level of resource deficiency:

44. Question: Where does the funding for this Fund come for each year?

Answer: The Equity Health Care Fund (EHCF) was created by the Congress in FY 1981. The resources available for the EHCF were provided through the congressional appropriation process for FY 1981-1984. These funds were appropriated as a line item in the budget.

45. Question: How is a tribe's "resource deficiency" determined?

Answer: The level of resource deficiency for each tribe was determined by the annual application of the Resource Requirement Methodology (RRM). The RRM process utilized staffing standards and criteria, actual workload (inpatient days and primary care visits), official population statistics, and cost data to determine the staffing, contract health, and support requirements.

46. Question: Why is it that in FY 1984, $41,800,000 was distributed from the Equity Health Care Fund, and in FY 1985 only $5 million was made available?

Answer: The amount of resources available for the EHCF in FY 1984 was $9,870,000. However, the IHS did allocate $41,800,000 Congress provided in FY 1984 to restoring lost inflation cost increases since FY 1981. Congress did not designate funds available in FY 1985 for the EHCF. However, the IHS set aside $5,000,000 as a special fund to continue progress toward achieving equity in the funding of health services.

47. Question: What is the projected allocation of the Equity Health Care Fund in FY 1986 and FY 1987?

Answer: The budget request for FY 1986 and FY 1987 did not include any funds for the EHCF.

48. Question: Is the money that is distributed from the EHCF in a given year spent in the same year?

Answer: The funds distributed from the EHCF in a given fiscal year must be obligated during that same year.

49. Question: Provide a breakdown by area and tribe/facility how much money has been distributed from the Equity Health Care Fund since its inception.

Answer: The requested information is at Appendix E*.

Mental Health:

50. Question: What level of funding is provided by IHS to support the Indian Children's program effort?

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*Retained in the files of the committee.

Answer: The Fiscal Year 1986 appropriation for the Indian Children's Program is $623,000 with $303,000 in the Hospital and Clinics budget activity and $320,000 in the Mental Health Budget activity. This amount will be reduced by sequestration of 1%.

51. Question: Please provide specific examples of the types of activities IHS has engaged in in [sic] its support of the Indian Children's Program effort.

Answer: The IHS Mental Health Programs Branch includes both staff assigned to provide program direction and leadership for general service-wide Mental Health issues in IHS, as well as the special program section commonly known as the Indian Children's Program.

Due to a divergence of interests in this combined IHS-BIA effort, the program effort has been separated into two distinct sets of activities. The IHS effort has now completed its withdrawal from local direct services provision. Because of the continued BIA concern with the provision of direct services in the Albuquerque and eastern Navajo Areas, this aspect of the program is continuing as a BIA Area activity. The IHS effort is currently engaged in the development of a focus for the mental health and handicapped needs of Indian children on a nationwide basis. It is anticipated that interagency planning efforts integrating the knowledge gained from both efforts will resume during this fiscal year.

There has been considerable confusion about the purpose of, and the organizational placement of this effort. The combined use of positions and dollars identified in two budget activities to fund an effort commonly characterized as a "program", which is in reality a planning and consultative service, involved in an interagency activity, has led to considerable confusion as to precisely what these people do and to whom they are accountable. The effort commonly referred to as the Indian Children's Program is a Mental Health Programs Branch activity, with the staff of that activity forming a planning and consultative section within the Branch. Positions and support monies used in this effort, in addition to the four (4) positions and $300,000 identified above in the Hospitals and Clinics Budget activity, are from Mental Health appropriations and position allocations. Current levels of support will be continued for this activity in FY 1987.

With the new focus of the program effort, ICP staff are developing methodologies for conducting reviews of IHS Areas regarding programs available for children with special needs. Resources from federal, state, tribal, and private sources will be reviewed in order to assess the nature, availability, and appropriateness of services for handicapped Indian children. The goal is to assist Areas in better utilizing available resources and in developing plans for securing additional resources.

Alcoholism:

52. Question: When will the final results of the comprehensive program appraisal and correlating action plan for the Alcohol Program be ready for submission to Congress? Please provide the Committee with this information.

Answer: The IHS Alcoholism Program Review Action Plan, which is the final result of a comprehensive program appraisal, has been developed, reviewed and endorsed by each IHS Area and Program Office. The Action Plan is presently in the Office of the Director, IHS, for final review and, within the availability of resources, will determine which recommendations will receive priority for implementation. The Action Plan will be submitted to the Congress after review and approval by the Department.

53. Question: Describe how the policy decision by IHS to focus its substance abuse program activities at youth has directed resources management allocation for the substance abuse program funds in FY 1986, and how it will affect the resource management allocation for this program in FY 1987.

Answer: In FY 1986 Tribal and Alaska Native communities who administer IHS alcoholism program contracts, have, as part of the Department's Health Promotion/Disease Prevention activity, been encouraged to seek out new and expand existing resources to focus on substance abuse programs for youth, emphasizing prevention and intervention activities.

During FY 1986 the IHS Alcoholism Program Branch will develop a process to do a comparative assessment of the resources needed by IHS and Tribally-operated alcoholism programs. The process is intended to identify funding disparities among the tribal communities and reallocate resources where disparities exist. Consistent with the overall IHS activity, multiple operational indicators, i.e., actual workloads, user population, existing resources and the Resource Requirement Methodology, will be assembled and analyzed. It is anticipated that the application of this process will begin in FY 1987 instead of FY 86 as originally planned, and continue for at least four years until a complete adjustment is made.

Medicare/Medicaid:

54. Question: What were the Indian Health Service's actual Medicare/Medicaid collections in FY 1984 and 1985?

Answer: FY 1984 Medicaid/Medicare collections were $26.1 million and

FY 1985 Medicare/Medicaid collections were $32.9 million.

55. Question: In FY 1986, IHS estimates that it will collect $44.1 million from Medicare/Medicaid. What is the basis for this estimate?

Answer: See response to question number 11.

56. Question: In FY 1987 IHS is projected to collect $64-72 million in Medicare/Medicaid reimbursements. What is the basis for this estimate?

Answer: The projected collections from Medicare/Medicaid in the FY 1987 budget request is $61.1 million. This was based on a 1984 study performed for the Department by Macro Systems, Inc.

57. Question: What will the effect be on the overall IHS budget and program activities if the FY 1987 Medicare/Medicaid reimbursements are only half the project collections?

Answer: IHS will adjust its program to reflect the level of collections available. Those items that are mandatory for the continuation of JCHA accreditation or HCFA certification would be given first priority. IHS would also reassess the Medicare/Medicaid resources available for clinical services operations and make the necessary adjustments in the level or range of service provided in order to maintain acute clinical care services directed at preserving life.

58. Question: In FY 1986 IHS projected that it would collect $100,000 or less from private insurers, and estimated collections in FY 1987 of $8 million. What measures are being taken by IHS in FY 1987 different from those measures pursued in FY 1986, which would account for this increased ability by IHS to collect from private insurers?

Answer: The IHS plans to intensify efforts to bill and collect from third party payers. The projected increase in collections is predicated upon the passage of necessary legislation which would authorize the IHS to bill and collect from third-party payers for services provided in IHS facilities to Indian patients who have private insurance coverage. The Department has submitted the necessary legislative proposals to the Office of Management and Budget.

59. Question: What is the estimated cost to IHS in FY 1986 and in FY 1987 to collect reimbursements from private insurers?

Answer: We currently estimate the cost of billing private insurers to be in the range of $350,000.

60. Question: Please provide the Committee with a copy of the most recent annual plan of correction citing the deficiencies that have been cited by either the JCAH or Medicare (HCFA) surveys.

Answer: There is no single annual plan of correction but rather a plan growing out of each JCHA or Medicare review of a facility. Copies of all these would be voluminous. As a sample, there is at Appendix F* the JCHA and Medicare reports and Plans of Correction for the IHS facilities in the Navajo Area.

Contract Care: The FY 1986 Senate Report No. 99-141 concluded that the increase in construction of new and replacement hospitals and clinics over the last five years reduces the need for contract care funds in such facilities and that the IHS needs to develop a method to redistribute contract care funds among the areas.

61. Question: Does IHS agree with this conclusion?

Answer: No, not completely.

62. Question: What information does IHS use as the basis for its answer?

Answer: New construction and resulting improvements in direct services generally lead to increased utilization caused by the previously existing unmet need. This, inturn, results in the identification of previously "unknown" or "hidden" maladies which often require further evaluation and care through the use of contract care funds. Added to this is the continuing increase in the cost of health care as well as the natural increase in the service population both tending to increase demand on direct and contract health services.

63. Question: Does the Department of Health and Human Services have plans to require contract care providers to charge Medicare/Medicaid rates? Please describe the nature of such plans.

Answer: There is under consideration a policy by which IHS would contract to purchase health care services only with those providers which would agree to accept, as payment in full, reimbursement at rates no higher than the prevailing Medicare allowable rates. The policy would also provide that, except under limited situations including emergencies, the IHS would no longer utilize providers with which it did not have a contract. Any such policy would be published in the Federal Register as a general notice and provide for an adequate implementation period.

64. Question: Please describe the "utilization based criteria" used by IHS for allocation of contract care funds?

Answer: The IHS for the past several months has been involved in a major activity known as the Operations Analysis Project. The major thrust of this activity is a comparative assessment of the level of funding needs for the IHS and tribally-operated health programs. The

*Retained in the files of the committee.

resource assessment is based primarily on the application of the Resource Requirement Methodology (RRM). Multiple operational indicators such as actual FY 1985 workload, estimated user population, existing FY 1985 available resources and normalized ranges for workload utilization and unit cost have been utilized in the RRM assessment. This RRM assessment includes both the hospital, health clinic, and contract health care activities.

65. Question: Are the "utilization based criteria" currently being refined? If so, in what way?

Answer: The proposed resource allocation process has and will continue to be further refined with special attention to unit cost data and the mix between direct and contract health services provided. Specific operational indicators have been developed for use in examining and analyzing the proportional distribution of direct and contract care provided in the service units. This analysis will identify "extremes" in unit cost which will have an impact on the ultimate allocation of both hospital and health clinics and contract health funds.

66. Question: What is the per centage distribution of contract care funds by area?

Answer: In FY 1985 the percent distribution by Area of Contract Care dollars were:

Area	Percent
Aberdeen	13.42
Albuquerque	6.86
Alaska	12.00
Bemidji	5.67
Billings	11.58
California	.33
Nashville	4.23
Navajo	11.74
Oklahoma	10.58
Phoenix	8.92
Portland	11.92
Tucson	2.75
Total	100.00

67. Question: During FY 1985, are there any examples of either an area or a service unit which failed to spend their full allocation of contract care funds for the year?

Answer: No. All Areas spent their full CHS allocation in FY 1985. The funds were controlled at the Area and Program offices. If a particular service unit could anticipate a demand reduction, the funds were redistributed within the Area to service units that demonstrated an unmet demand.

68. Question: Does the IHS identify annually the level of unmet need for contract care funds? If so, what is the estimated unmet contract care need for FY 1985?

Answer: Yes. The estimated unmet need in FY 1985 was over $36,000,000.

69. Question: What steps are being taken to address the unmet need for contract care activities in FY 1986 and FY 1987?

Answer: The resouce allocation methodology will focus more resources to areas with the greater unmet need. The continued use of priorities will use available resources on the most critical needs.

70. Question: By area and service unit, identify the point in time during FY 1985 when contract care funds were spent out.

Answer: None of the Area Offices ran out of contract care funds before the end of FY 1985. However, in some cases only emergency care payments were provided throughout the year in order to function within the Contract Health Services allocations.

71. Question: Will the proposed budget reduction lead to a policy to withhold care or treatment from certain types of patients (such as renal dialysis patients) and, if so, could you please furnish the Committee with the number of people affected, the number of years of excessive deaths that will result, and the savings that could be expected?

Answer: The IHS policy is to provide health care and services based on medical priorities with no intention to withhold care or treatment under emergency and life-threatening conditions. No excessive deaths, therefore, are expected to result from the projected budget.

NATIVE HAWAIIAN HEALTH NEEDS STUDY: The Committee understands that the Native Hawaiian Health Needs Study has left the Office of the Secretary of the Department of Health and Human Services.

72. Question: What is the status of the Native Hawaiian Health Needs Study?

Answer: The study is currently under review in the Public Health Service.

73. Question: Please provide the Committee with a copy of the Native Hawaiian Health Needs Study.

Answer: A copy of the study will be provided as soon as it has received final clearance within the Executive Branch.

74. Question: Is there an appropriation request in FY 1987 to followup on the recommendations and study results in the Native Hawaiian Health Needs Study?

Answer: There is no specific request included in the FY 1987 budget for the purpose of implementing the recommendations of the study.

Preventive Health:

75. Question: Provide the Committee with a copy of the national health outcome targets and targets for communities and areas developed in FY 1985 by the IHS and Indian communities as part of the health promotion and disease prevention planning program.

Answer: The Priority Objectives For Indian Health Service developed in FY 1985 are:

(1) The IHS will have 100% of its facilities smoke-free by 1986;

(2) By 1990 the prevalence of significant overweight (120% of "desired" weight) among the American Indian and Alaska Native population would be decreased to 20% for all age groups without nutritional impairment;

(3) IHS will enhance physical fitness in American Indian/Alaska Native communities thru 100% of Service Units having employee physical fitness programs with greater than 25% participation; and assuring that 50% of American Indians and Alaska Native children participate in a fitness program;

(4) Employee health programs will be provided and lost work days will be reduced by 10% by 1990;

(5) Years of productive life lost due to substance abuse and dependency will be reduced by 25% by 1990;

(6) Mortality due to motor vehicle accidents will be reduced to 40/100,000 by 1990;

(7) Infants born with Fetal Alcohol Syndrome (FAS) will be reduced by 25% by 1990;

(8) Each Area will have an infant mortality rate less than 12/1,000 live births by 1990. Infant mortality throughout IHS will be less than 9/1000 live births by 1990. Special attention shall be given to the post-neonatal period;

(9) The number of high risk adolescent pregnancies determined on a medical and social basis will be reduced by 25% by 1990;

(10) 60% of adults will be appropriately immunized and 90% of children will be immunized appropriate for age by 1990;

(11) 80% of population on community water systems will receive optimally fluoridated water by 1990;

(12) 60% of identified Hypertensives will be under adequate long-term control by 1990;

(13) The rate of selected infectious diseases will be declining at the same rate as specified for those diseases specified in the document Preventing Disease and Promoting Health by 1990; and

(14) 60% of identified diabetics will be under adequate long term control by 1990.

76. Question: Describe how the health promotion and disease prevention national, community, and area outcome targets are used by the IHS to set budget priorities, to develop program objectives. and to establish health care delivery activities.

Answer: The IHS has developed comprehensive outcome targets/objectives for health promotion and disease prevention services. Area/Program and Service Unit staff use the objectives to establish the health care delivery activities which will be needed to reach the targets based on a priority listing determined by the epidemiology data generated by the service area. Within the budget flexibility that exists resources will be reprogrammed to meet those needs.

Sanitation Construction:

77. Question: If the IHS phases out its sanitation construction activities, does IHS intend to perform a health impact assessment of such a phase out?

Answer: Although the Administration has not requested funds for construction of sanitation facilities in FY 1987, the Administration does not intend to phase out sanitation facilities construction activities. This program is an integral preventive health component of the comprehensive health services program provided by IHS. The Administration is continuing to encourage the agencies responsible for housing construction to also fund the associated sanitation facilities. Accordingly, there are no plans to perform a health impact assessment of a program phase out.

78. Question: In the FY 1987 budget submission, it is proposed to transfer 225 FTEs to the Indian Health Appropriation for the Sanitation Facilities Construction Program. What is to be accomplished by this transfer of FTEs?

Answer: The transfer of 225 FTE's is based on a proposed merger of the Indian Health Facilities appropriation with the Indian Health Services appropriations. The rational for combining these two appropriations into one is to provide greater management flexibility and efficiency.

79. Question: Will the budget reduction for sanitation activities affect the construction of sanitation facilities of more than 300 homes for the Navajo relocation effort?

Answer: Funds to serve the 300 homes for the Navajo relocation effort are included in the $24.6 million which was appropriated by Congress for FY 1986. These funds have been proposed for rescission in the President's February 1986 rescission package to Congress. If these FY 1986 funds are rescinded, because there are no sanitation facilities construction funds requested in the President's budget for FY 1987, there will be no funds to provide sanitation facilities to the 300 homes.

Community Health Representatives:

80. Question: Based on IHS assessments conducted in FY 1985, does IHS feel the CHR program is cost-effective?

Answer: The IHS does feel that the CHR Program is cost effective. The budget recommendation not to fund the CHR program is based on competeting priorities not on a belief that the program is not cost effective. A preliminary analysis of data collected in FY 1985 indicates that the cost per CHR encounter is $3.18. Through the provision of community oriented health care activities and services such as early intervention, case finding, emergency medical and follow-up services, the CHR Program has reduced the need for longer hospital stays thus decreasing costs. Information, education and technical assistance, to effect a reduction in accidents and health hazards has reduced health care and hospitalization needs.

81. Question: If the CHR program is phased out in FY 1986, will the IHS be hampered in its efforts to elevate the health status of Indians? Please elaborate on your answer.

Answer: Elimination of the CHR Program in FY 1986 would represent a set back of service delivery for preventive health care and direct health care available to American Indians and Alaska Natives. It would eliminate services that the IHS could provide within existing resources only through prioritizing of clinical services.

82. Question: During the first six months of FY 1986, it is estimated that there will be in excess of 4.5 million CHR/patient contacts. If the CHR program is phased out, what alternative will be developed and provided by IHS to insure appropriate follow-up health care and continued contact with the health care delivery system at the community level?

Answer: Post hospitalization or follow-up care provided by the CHR paraprofessional would be absorbed by the existing community health professional staff. Continued contact with the health care delivery system at the community level would be limited to only the most critical cases.

83. Question: Given your conclusion that urban Indians are eligible and have access to alternate health care resources in the urban setting, and given that the service population at the reservation level of the Indian health care delivery system has increased over the years, why hasn't IHS transferred the urban health care funds to one of the other program components funded by IHS instead of eliminating the funds altogether?

Answer: The current IHS support for urban Indian health programs was authorized by the Congress in Title V of P.L. 94-437, the Indian Health Care Improvement Act of 1976, and its Amendments of 1980 (P.L. 96-537). The IHS does not have discretionary authority to expend these monies for any purpose other than contracts or activities that would benefit urban Indians. All funds appropriated for Title V purposes are used exclusively by the IHS to support urban Indian health projects and for activities related to improving the health status of urban Indian people. The transfer of monies appropriated for Title V purposes to serve reservation Indians is outside the authority of the IHS, and would require Congressional action.

Health Manpower: The FY 1987 budget submission states that the request of $5,418,000 for Indian health manpower will provide continuation scholarship funding for 358 students and 250 extern assignments.

84. Question: Does this mean that funds will not be provided for new students and extern assignments beginning in FY 1987?

Answer: The 1987 request of $5,418,000 provides only for continuation of scholarships for students already in the program. Funding for extern assignments, however, will be available.

85. Question: Has there been any discussion within the Department of Health and Human Services or OMB concerning the elimination of funding support for INMED and/or the MPH programs in future fiscal year?

Answer: There has been no specific discussion of ending future funding of either INMED or the MPH programs.

Direct Operations: Concerning implementation by IHS of a phased allocation plan for a more equitable distribution of resources:

86. Question: What information does IHS possess which leads it to believe there are inequities in funding distribution between headquarters and the areas?.

Answer: During the past few months, the IHS has been involved in the development of a resource allocation process for the hospitals and clinics, dental, and contract health service activities. The major thrust of this activity is a comparative assessment of the IHS and tribally-operated health programs with a primary emphasis on resource needs. The resource assessment is based primarily on the application of the Resource Requirment Methodology (RRM) to actual FY 1985 workload, estimated user population and normalized ranges of unit cost. This assessment has identified funding disparities among the Areas and Service Units. The Area Resource Allocation Methodology (ARAM) will be utilized in FY 1986 to distribute a specified amount of cost increases to the Areas

87. Question: Provide examples of perceived funding distribution inequities between (a) headquarters and the areas; and (b) between the areas.

Answer: Information on the funding inequities between the Areas and Headquarters is not available. The IHS does not have any studies or data dealing with perceptions of funding inequities. The chart at Appendix G* reflects a preliminary summary of certain resource deficiencies by Area.

88. Question: To what extent will tribal community health plans and priorities be considered in the formula for determining redistribution of resources?

Answer: The proposed resource allocation process includes a 2-tiered strategy. The Area Resource Allocation Methodology (ARAM) consists of IHS Headquarters allocation to the Areas. The Service Unit Resource Allocation Methodology (SURAM) includes the Areas allocation to the Service Units. The tribal health plans and priorities will be crucial factors to be considered during the SURAM process.

IHS is Implementating a Patient Registration System:

89. Question: Figures provided by IHS indicate that in the Portland Area the estimated service population is 101,275, but only 7,550 patients have been registered. Please explain this deficiency as well as the effect it has on allocation of resources to the Portland area.

*Retained in the files of the committee.

Answer: As of February 1986, the Portland Area had registered 38,147 patients. Therefore, the indicated deficiency no longer exists. The effects of registered population on the proposed resource allocation process is minimal in FY 1986. However, in FY 1987, the IHS will utilize the registered population data in the resource allocation process and, therefore, such information or the lack of registered population data will have a significant impact on the allocation of resources.

90. Question: What is the significance and benefit derived from the implementation of the Patient Registration System?

Answer: The Patient Registration System will provide an unduplicated patient data base to support resource allocation, planning needs involving direct and Contract Health Services, health services eligibility, and other health services issues. In addition, it will provide a data base in support of all future ADP patient-oriented systems, including billing of insurers.

91. Question: One of the major initiatives of IHS in FY 1986 is the installation of a "service based accounting system" into the Resources Patients Management System. What does this mean and what is its significance?

Answer: One of the major initiatives within the IHS is the Resource and Patient Management System (RPMS). This is an integration of all IHS data bases into one system. A part of the RPMS is the modification and/or update of the current IHS Cost Accounting System. It provides for the allocation and distribution of costs within IHS service units.

The requirement to serve both the administrative and clinical needs of the organization is embodied in the relationship between the resource management and patient care components of RPMS. The close interrelationship of data bases to be maintained, multiple uses of data and use of computer systems for multiple applications has led to the view of the RPMS as an umbrella structure for current and future information systems. As such, the RPMS is a cornerstone of IHS information systems planning for the foreseeable future. The significance of the RPMS can be stated as follows:

- Improved usefulness of information systems in financial management;
- Information systems support for efficient use of third-party resources;
- Increased responsiveness of information systems to IHS program needs;
- Increased role of information systems in administrative productivity;
- Increased information systems support for patient care;
- Increased integration of information systems into the IHS;
- Promotion of local control and responsibility for data; and
- Modernization and evolution of IHS information systems.

92. Question: IHS is conducting an analysis of its Area/Program staffing patterns in FY 1986 which will result in an assessment of the need for changes in staff allocation among Area/Program offices. To what extent will tribal community health priorities be considered in the final outcome of any staffing changes?

Answer: The IHS has initiated a project to determine the appropriate functions to be located at the Area Offices and the required staff to perform such functions. The staffing requirements and/or staffing reallocations will have to incorporate tribal priorities with special attention to tribally-operated health programs. The Area Office staffing requirement and staffing mix will be driven to a great extent by the composition of the total health care delivery system in the Area.

93. Question: IHS recognizes that tribal contracted health programs incur administrative costs over and above administrative costs incurred by the Federal government to operate the same health program (such as liability insurance coverage). What steps are being taken to maintain the integrity of the tribally contracted health care programs given the burden of the added administrative costs associated with these programs?

Answer: At the request of the House Appropriations Committee (H. Rept. No. 99-205), the IHS is compiling a report of the amount needed to meet the shortfall in Fiscal Year (FY) 1986 for fully funding these tribal administrative costs. The IHS also is developing, with the participation of tribal P.L. 93-638 contractors, a refined resource allocation methodology to establish the basis for allocating funds for the support of health services programs to achieve relative comparability of the level of need funded for both IHS and tribally contracted health programs. This methodology includes consideration of the unique administrative and executive direction costs incurred by tribal P.L. 93-638 contractors.

McNabb: Recently the Federal District Court for Montana ruled that the Indian Health Service is the primary health care provider for Indians:

94. Question: Does the Department of Health and Human Services intend to appeal this ruling?

Answer: We disagree with the question's characterization of the Court's holding in McNabb that the IHS is the primary health care provider for Indians. The Department of Health and Human Services has recommended to the Department of Justice that the District Court's ruling should be appealed.

95. Question: Pending such an appeal, does IHS intend to modify its resource allocation and/or health care delivery system to comply with the Court's ruling that IHS is the primary health care provider?

Answer: No. There is currently a stay in the implementation of the District Court's order.

Senator ANDREWS. Our next witness is from the Department of Education, Mr. Bruce Carnes, the Deputy Under Secretary.

Mr. Secretary, welcome to our hearing. Again, your statement was supplied to the committee about 2 or 3 minutes ago, so our staff hasn't had time to examine it; I haven't had time to examine it. Let me assure you we will in the days ahead.

You may be assured that it will be included in its entirety in the record. You can summarize it any way you wish, so we can get to questions.

STATEMENT OF BRUCE M. CARNES, ASSISTANT SECRETARY FOR PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION, ACCOMPANIED BY LAWRENCE F. DAVENPORT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION; LAWRENCE L. BROWN III, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION; AND HAKIM KHAM, ACTING DIRECTOR, INDIAN EDUCATION PROGRAMS, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

Mr. CARNES. Thank you, Mr. Chairman.

Before I begin, I would like to introduce my associates. On my immediate right is Dr. Lawrence Davenport, Assistant Secretary for Elementary and Secondary Education. Next to him is Mr. Hakim Kham, Acting Director, Indian Education Programs, and on my immediate left is Mr. Lawrence Brown, Director, Division of Elementary, Secondary, and Vocational Analysis, Office of Planning, Budget and Evaluation.

Mr. Chairman, I appreciate this opportunity to appear before you to discuss the fiscal year 1987 budget request and possible legislative proposals for several Department of Education programs affecting Indians.

The major purpose of these programs is to help overcome the historic disadvantagement and isolation of the Indian population. While Indians have made significant educational and economic progress during the last decade, they nonetheless lag behind the general population in these areas.

For the Indian Education Act we are proposing the first comprehensive reauthorization since the act was enacted in 1972. As jointly developed with the Bureau of Indian Affairs, our proposal would be based on the following principles:

First and foremost, directing services to those Indian students who are most in need of assistance.

Second, promoting parental and tribal involvement in Indian educational programs.

Third, making the States major partners in the provision of Indian education services so that Indian children can benefit from the campaign for educational excellence now taking place at the State level.

And, finally, sorting out the respective responsibilities of the Department of Education and the Bureau of Indian Affairs in order to reduce program overlap and improve services to children.

The proposed legislation will be submitted to Congress in the very near future. Most of the details are in place, and I would be happy in a moment to respond to your questions about them.

The Department's budget request for the revised Indian Education Act Program is $75.7 million, an increase of $11.5 million over the 1986 level. Taken as a whole, the budget for the affected programs in the Department of Education and the BIA would be held at approximately the 1986 level prior to Gramm-Rudman.

The budget for Indian education programs would include $70.3 million for a new State grant program, $2.9 million for adult education, and $2.3 million for program administration and the National Advisory Council for Indian Education.

The request of $548 million for impact aid would include an estimated $200 million to support the education of 90,000 children residing on Indian lands. As you know, for purposes of making impact aid payments, all children residing on Indian lands are considered A children. Payments would be made under a new graduated payment formula which we believe will increase payments to many districts serving Indian children.

We are not requesting funds for payments for impact aid B children, a change which should have little effect on the education of Indian children. Indeed, our estimates are that impact aid payments on behalf of Indian children would not be affected.

Finally, under impact aid construction, we are requesting $5 million to be used for grants to districts that have large numbers of Indian children and contain large areas of Indian lands.

Under vocational education, 1.5 percent of the basic grants appropriation is set aside at the Federal level for Indian and Hawaiian native programs. Of this amount, one-quarter of 1 percent is used to serve Hawaiian natives.

In order to focus Federal expenditures in Department of Education programs, upon programs for the most needy and disadvantaged, our budget proposal would rescind $172.9 million for basic grants in 1986 and reduce the appropriation by an additional $188 million in 1987. These setasides for Indians and Hawaiian natives would, of course, be maintained.

Under the Library Services and Construction Act, 1.5 percent of the appropriation for titles I, II, and III is set aside for Indian tribes and a half a percent is set aside for Hawaiian native organizations.

The administration is proposing rescission of all title II funds. For 1987 we are proposing no funding for library programs. It is our position that the purposes of these programs have generally been fulfilled and that further support should be a State and local responsibility.

Mr. Chairman, as I said a moment ago, I welcome the opportunity to work with you and members of this committee in helping to provide Indian children with the learning and skills they need. We think our proposals are reasonable, intellectually defensible, indeed better for Indian children than the current programs. People of good will may disagree as to the means, but I think we are all dedicated to the same end.

I would be happy now to respond to your questions.

[Mr. Carnes' prepared statement, on behalf of the Department of Education, follows:]

DEPARTMENT OF EDUCATION

Statement by the Deputy Under Secretary for Planning, Budget and Evaluation

on

Indian Education, Impact Aid, Vocational Education, and Libraries

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to discuss the fiscal year 1987 budget request and possible legislative proposals for several Department of Education programs that serve Indians.

Educational and Economic Status of American Indians

The purpose of Department of Education programs specifically directed at Indian children and adults is to help overcome the historic disadvantagement and isolation of the American Indian.

Although Native Americans continue to have high poverty, unemployment, and drop-out rates, they have made significant educational and economic gains during the past decade. Between 1970 and 1980:

- The proportion of Indian families living in poverty declined from 33 percent to 24 percent. (The proportion for the U.S. as a whole is about 10 percent.)
- The median family income for Indians increased from $5,823 to $13,724, compared to $20,835 for the U.S. as a whole.
- The proportion of Indian adults aged 25 and over who had completed high school increased from 33 percent to 56 percent, compared to 67 percent for the total U.S.

In addition, 1982 test scores from the Department's High School and Beyond longitudinal surveys indicate that Indian high school students score higher than black and Hispanic children (although lower than white and Asian children) in almost every academic subject.

In sum, data from a variety of sources indicate that the Indian population has achieved significant economic and educational progress in recent years. Nonetheless, Indians continue to lag behind the general population in these areas. This is the basis of the Administration's continued support for programs directed at the special needs of Indian children and adults.

Indian Education Act Reauthorization

We are requesting $75,729,000 for programs under a proposed reauthorization of the Indian Education Act. Our reauthorization proposal would make the first major changes in this Act since its enactment in 1972. In the intervening years, considerable overlap has developed between programs administered by the Department of Education and those under the jurisdiction of the Bureau of Indian Affairs (BIA).

In working with the BIA on the Administration's reauthorization proposal, one of our principal objectives was to sort out the proper division of responsibilities between this Department and the BIA. By achieving this division, we can not only eliminate bureaucratic overlap, but also improve the delivery of services to Indians. In essence, we concluded that, because the Department has a major mission to help ensure equal educational opportunity to all Americans and because, at the elementary and secondary level, this mission is generally carried out through grant assistance to local educational agencies (LEAs), it would be appropriate to give the Department responsibility to administer all programs assisting LEAs to improve educational opportunities for Indian children.

Similarly, because BIA education programs are based on the historic relationship between the Federal Government and Indian tribal governments, it is appropriate for the BIA to administer all programs assisting schools controlled by Indian tribes or by the BIA itself.

On the other hand, we found that while both the BIA and the Department of Education administer adult education programs for Indians, these programs are operationally very different and have resulted in little duplication of services. Therefore, our reauthorization proposal would permit continued operation of separate programs.

A second objective of the reauthorization proposal is to bring the States more actively into the administration of Indian education programs. As you know, the States have taken the lead in improving education across the country. Yet the Department's Indian education formula grant program has always been administered on a direct Federal-to-local basis. Under our legislative proposal, Federal funds would flow to State educational agencies, which would be responsible for assessing local applications for funding and directing Federal resources to local educational agencies, as they do in our other major elementary and secondary programs, such as Chapter 1 and Education for the Handicapped. Because States are closer than the Federal Government to the local communities where programs are actually administered, and because the States have become so active in educational reform, we believe this change in the law would ensure that Indian education is an integral component in the national campaign for educational excellence.

The Department's reauthorization proposal will be submitted to Congress shortly. Our budget proposal under this reauthorization would increase funding for Indian education programs in the Department by $11,542,000. Taken as a whole, the budget would keep total funding for affected programs in the Department and the BIA at approximately the 1986 pre-sequestration level.

State Grants (Title I)

We are requesting $70,323,000 for the new program of grants to States. This would be an increase of $22,453,000 over the 1986 post-sequestration levels for the antecedent Part A (Grants to LEAs) and Johnson-O'Malley programs.

Under the program, funds would be allocated to each State on the basis of the enrollment of Indian children in public schools within the State and the State or national average per pupil expenditure for education. A "hold-harmless" provision would prevent any State from receiving a reduction from the amount that LEAs within the State received under Part A and the Johnson-O'Malley Act for 1986.

Participating States would be required to submit to the Department a three-year application containing descriptions of how the State educational agency (SEA) will distribute funds to LEAs and how it will monitor Indian education programs funded under the Act. In making this distribution, each State would be required to use a formula based on enrollment of Indian children and on additional criteria relating to the educational or economic disadvantagement of such children. Such criteria might include the number of Indian children from low-income families, the number of children who score below average on standardized achievement tests, or the number of children from sparsely populated areas.

At the local level LEAs would, as under current law, be permitted to use funds for a wide variety of activities, including remedial and compensatory instruction, guidance and counseling, school health programs, special programs for the handicapped or the gifted and talented, and early childhood education. All programs are to be aimed at meeting the special educational needs of Indian children and to be sensitive to their cultural heritage.

In order to participate, each LEA would be required to conduct an assessment of the needs of Indian children enrolled in the district. In addition, the LEA would be required to file with the State a three-year application describing the results of the local needs assessment and the program that it will support with Indian Education funds. The application would also contain assurances that the LEA will give priority to educational areas and students whose needs are greatest and that it will conduct regular evaluations of programs supported under the Act. In situations where an LEA does not choose to participate in the program or where it believes that services can best be provided by a local Indian organization, the bill would permit the State to contract directly with that Indian organization.

LEAs would have the option of contracting with tribes or local Indian organizations for the provision of services to Indian children. Also, in cases where an LEA chooses not to participate in the program, the bill would authorize direct contracts between a tribe or Indian organization and the State.

Consistent with current law, each LEA would be required to maintain a local education committee composed of Indian parents and teachers, and, where appropriate, secondary school students. This committee would be actively involved in the operation and evaluation of local programs, and would have to approve the LEA's application for funding. The Department believes that the involvement of parents and others in the Indian community is essential to the success of Indian education projects.

We anticipate that the 1987 request of $70,323,000 for grants to States will permit funding of projects in some 1,280 LEAs located in 42 States. Approximately 257,000 Indian children will be assisted, at an average Federal cost of $275 per child.

Adult Education (Title II)

The proposed legislation would continue the current Indian adult education program, although separate funding for planning, pilot, and demonstration projects would be eliminated. For this activity, the budget includes $2,940,000, an increase of $143,000 over the 1986 post-sequestration level. Funds under this program would be made available, on a competitive basis, for projects to enable Indians to acquire basic literacy skills and to complete secondary school or its equivalent.

We anticipate that the 1987 budget will permit the Department to make 28 Adult Education grants for projects serving close to 10,000 Indian adults.

Program Administration (Title III)

For fiscal year 1987, $2,180,000 is requested to cover the administrative costs of the Office of Indian Education (OIE). This is a $173,000 increase over the 1986 post-sequestration level. The Department expects that the current OIE staffing level will be maintained in 1987. The small increase requested will be used to meet increased costs for rent, communications, and travel, and to increase data processing services.

The National Advisory Council on Indian Education will be continued under the new statute, although some of the Council's current activities (such as review of project applications and assistance in developing regulations) will be eliminated. The Council will be authorized to evaluate and advise the President and the Secretary on any Federal programs in which Indians participate or from which they can benefit. The 1987 budget request for the Council is $286,000, a $74,000 increase over the 1986 post-sequestration level. The objective is to enable the Council to meet uncontrollable cost increases in areas like rent, postage, and travel while maintaining the current level of operations.

Impact Aid

Under the 1987 budget request for Section 3 of the Impact Aid program, a total of 630 districts are expected to receive funds for the education of more than 90,000 children residing on Indian lands. The estimated total for these payments for 1987 is over $200 million.

For purposes of Impact Aid payments, all children residing on Indian lands are defined as "a" children. The budget request proposes a new graduated payment formula for "a" children, based on the proportion of the district's enrollment made up of "a" children, with payments ranging from 100 percent to approximately 40 percent of entitlement. This formula distributes funds more equitably than those used in recent years and, in particular, will increase payments for many districts serving Indian children.

The 1987 budget request does not include payments for "b" children because these children do not represent a genuine burden to their school districts. Their parents and/or their parents' employers contribute to the local tax base which supports the public school system. School districts that include Indian lands would generally be unaffected by this change, since children who reside on Indian lands are not "b" children.

For construction, $5 million is requested for 1987, to be used for grants to districts that serve large numbers of Indian children and contain large areas of Indian lands. Although this is a modest sum, it should fund one or two school construction projects.

Vocational Education

Under the Carl D. Perkins Vocational Education Act, 1.5 percent of the combined appropriations for Titles I (other than Section 112), II, and IV (other than Part E) is set aside for Indian and Hawaiian Natives programs.

Of this amount, 0.25 percent is used to serve the Hawaiian Natives.

Grants under the Indian program are awarded on a competitive basis to federally recognized Indian tribes for services that are in addition to the services Indians receive under other provisions of the Perkins Act. During the current fiscal year, the Department will use fiscal 1985 funds to support 45 tribal projects training approximately 2,500 participants. Twenty-eight of these projects will be new projects and the remainder will be operating under continuation grants.

The Hawaiian Natives program, which is currently in its initial year of operation, makes awards to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian Natives. For the current year, the Governor has recognized only one organization -- Alu Like, Inc. — so only one grant has been awarded. However, a network of 20 community organizations will act as subgrantees in providing training, placement, and counseling at the local level.

Although the Administration's budget proposal would rescind $172,886,000 for vocational education basic grants (from which Indian and Hawaiian Natives funds are set aside) in 1986 and reduce the basic grants appropriation by an additional $188,395,000 in 1987, the 1.5 percent set-aside for Indian and Hawaiian Natives programs would be maintained. Thus, at the proposed budget levels, funding for the Indian vocational education program would be reduced from $9,564,000 at the post-sequester 1986 level to $7,403,000 at the revised 1986 level and to $4,929,000 in 1987. For the Hawaiian Natives program, funding would be reduced from $1,913,000 to $1,481,000 to $986,000 over the same period.

Libraries

The Library Services and Construction Act (LSCA) authorizes set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian Native organizations from Title I (Public Library Services), Title II (Public Library Construction), and Title III (Interlibrary Cooperation and Resource Sharing). At the 1986 post-sequestration level, these set-asides would provide a total of $1,658,250 for Indian tribes and $552,750 for Hawaiian Native organizations.

Under the Indian program, grants are made to federally recognized tribes and Alaskan Native villages for developing or improving public library services for Indian people living on or near reservations. The law authorizes nine eligible uses of funds, including purchase of materials, library construction, personnel costs, and training. Two types of grants are made: Basic grants are distributed in equal amounts to eligible tribes which have submitted approved applications. The amount of the basic grant is determined by dividing the available funds by the number of eligible tribes and Alaskan villages. Any remaining funds (that is, funds for which no qualified application is made) are then used for discretionary special project grants to support projects developed in conformance with tribal plans for library services.

In fiscal 1985, the first year of this program, $458,000 was allocated in basic grants to 131 tribes and villages. The remaining $1,311,000 was awarded under 18 special project grants averaging $72,800. In 1986, the post-sequestration amount available for Indian programs is $1,658,250. If the Administration's proposed rescission for Title II is adopted, this amount will decrease to $1,335,000.

The Hawaiian Natives program is very similar to the vocational education program for Hawaiian Natives; grants must be made to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian Natives. Again as under the vocational education program, the entire first-year award of $590,000 was provided to Alu-Like, Inc. The current amount available in 1986 for the Hawaiian Natives program is $552,750, and this would decline to $445,000 if the rescission proposal is accepted.

In addition to proposing a rescission of Title II library funds for 1986, the budget would terminate all Federal support for libraries in 1987. It is our position that the purposes of these programs have generally been fulfilled and that further support should be a State and local responsibility.

I would now be happy to respond to your questions.

Senator ANDREWS. Thank you, Mr. Secretary.

I understand, Mr. Secretary, that you are working on a legislative proposal that would transfer $11.5 million to the BIA for the operation of the current part B program in title IV and the moneys under part A are currently set aside for Indian-controlled schools.

Since I've not seen a copy of this proposal, I feel it would be premature to delve into all of the issues such a transfer would raise, but I would to assure you that this committee and its staff will be looking very closely at it.

The numbers are one of the things that bother us. You're transferring $11.5 million to BIA to be used for Indian education. That sounds good. Everybody interested in opportunity for Indian young people says "hurray" and salutes it. At the same time BIA is transferring $20 million to you. In essence, I have the figures right, don't I?

Mr. CARNES. That's correct, sir.

Senator ANDREWS. Yes. And, again, the smoke of mirrors, or whatever else, I don't know how Indian education is enhanced by the Department of Education transferring $11.5 million to BIA to take care of Indian education and the BIA transferring $20 million to the Department of Education.

I do note that part of the proposal includes grants to the State educational agencies and distribution to local educational agencies, as opposed to the current method of distributing grants directly to the LEA's. We will look closely down the line and see what we can find.

I see you request an increase of $247,000 for the administration of the office, the title IV office. Why do you need such an increase?

Mr. CARNES. Yes, Mr. Chairman. If I could just address a point you made a moment ago first, if you would.

This is not a budget crafted with smoke in mirrors.

Senator ANDREWS. No, I am afraid it is not smoke in mirrors; I am afraid it's too damned plain, frankly. That is the thing that bothers me, but the smoke in mirrors comes in where you are assuming that it is going to enhance Indian education in taking $20 million and giving them back $11.5 million. There is nothing smoke in mirrors about that; I understand that. Smoke in mirrors comes in in the contention that it is going to help the quality of education.

Mr. **Carnes**. Yes, we think——

Senator **Andrews**. That is why we're going to look at it closely.

Mr. **Carnes**. Yes, but we welcome the opportunity to work——

Senator **Andrews**. Because what you are saying is that less is more.

Mr. **Carnes**. No, the same is the same. The total funding for Indians would be the same under our proposal as it would have been if there would have been no change.

Senator **Andrews**. Well, I understand——

Mr. **Carnes**. The combined appropriations for us and for BIA would have the same.

Senator **Andrews**. In this magic that you are working, saying the same is the same, even though we are trading horses for rabbits, have you done any consultation with the tribes on this?

Mr. **Carnes**. We have had a consultation with a number of individuals. We have consulted with people on the staff.

Senator **Andrews**. I didn't say "a number of individuals." You can find individuals a dime a dozen down here. Have you done any consultation with the tribes who are the elected representatives of the Indian people whose education we are tinkering with?

Mr. **Carnes**. Yes; in addition, we have also talked to the Council of Chief State School Officers, and we have briefed the advisory committee.

Senator **Andrews**. You are skating, sliding, and ducking around the question. Have you consulted with any of the tribes who are the elected officials of the Indian people whose education we are talking about?

Mr. **Carnes**. No formal discussions with them, sir.

Senator **Andrews**. OK. I just wanted to find that out.

Mr. Secretary, under your proposal for grants for Indian children, which I am going to refer to under the current title as part A, you state that the moneys will go to the State for distribution and that, if a local educational agency does not apply for funds, a tribe could apply and provide the program.

However, since you are picking up the JOM moneys under your proposal, it would seem to me that the tribes should have the first option of contracting with the Department of Education before any moneys are distributed to the States.

To put this out into a grab bag out into the States, again, I feel that our tribal education will get into a lot of trouble. What thoughts might you have on tribal contracting for the part A program?

Mr. **Carnes**. Well, we support tribal contracting on behalf of these services, Mr. Chairman under particular circumstances that might necessitate that. One of our key objectives in this proposal was to provide for the involvement of parents, tribes, and Indian organizations in the education of Indian children.

Our proposal would include a local education committee composed primarily of Indians who would have essentially a veto authority over any LEA's plan for the education of Indian children. In addition, LEA's would have the option of contracting this with tribes.

Basically, we think that many of the LEA's will, indeed, contract with tribes and tribal organizations in order to provide the services they would be required to provide.

Senator **Andrews**. But is there a guarantee that the Indian tribes and their educational need will be put at the head of the list? Johnson-O'Malley funds, remember, are earmarked specifically.

Mr. **Carnes**. Right. Yes, we are convinced that the needs of Indian children will be paramount. We think that we have a mechanism whereby the Indian parents and Indian committees, Indian organizations, is guaranteed.

Mr. **Davenport**. There is no way the funds under our proposed legislation or under our budget could go to anyone other than Indians.

Mr. **Carnes**. When you are talking about intermediaries, it is quite true that the money could go to a school district, flow to a school district, and then the school district could provide services to the Indians, but eventually Indian children would end up being the beneficiaries of these services.

Senator **Andrews**. I grant you, but that is the opposite of the current JOM, which says the tribe gets the first crack at running the program.

Mr. **Carnes**. Yes, indeed.

Senator **Andrews**. Well, I guess that's why we want to go into this a little more deeply, shall we say, Mr. Secretary.

Mr. **Carnes**. Yes, sir.

Senator **Andrews**. That is one of the problems with getting your statement at the last minute.

Now under the proposed transfer you plan to terminate the resource evaluation centers since the State educational agencies would provide technical assistance and monitoring. Currently the State educational agency of Oklahoma runs the Title IV Program in that State, I believe; yet, the resource and evaluation center for that region gives technical assistance to Oklahoma programs. What safeguards would there be to insure that the SEA would actually provide assistance to the local programs, especially those tribally contracted?

Mr. **Carnes**. I was touching on that point in my previous answer, Mr. Chairman. An LEA could not receive funds under this program without having the written signoff of the education committee composed primarily of Indian parents, individuals.

In addition, should an LEA not be seeking funds, should a State be recalcitrant, the Department of Education would bring audits and Inspector General forces to bear on that State.

Mr. **Brown**. Mr. Chairman, if I may add a short correction.

Senator **Andrews**. Sure.

Mr. **Brown**. In the State of Oklahoma they do not provide the title IV services in that State. We have a resource center that services Oklahoma.

Senator **Andrews**. Let me get at that because that doesn't hold true with the briefing information that we had. Here, again, this is what happens when you try to put together questions on an ad hoc basis, but if you could provide further information on that for the record, we'll try to tie in what information the committee has with the answers that you have.

I also have a number of other questions that I'd like to have asked for the record, so that we can get as complete a record as we possibly can have, so that when we mark up this bill and get it to the floor, we're doing it on the basis of facts rather than on some half-truths or misstatements of position.

But, again, the concern that I have is the fact that I can't go along with this less is more routine, and I have some real difficulty in figuring that that is the appropriate way to go.

[The following additional written questions were submitted to the U.S. Department of Education and appear with the Department's responses:]

QUESTIONS FOR THE U.S. DEPARTMENT OF EDUCATION

BUDGET JUSTIFICATIONS

Question. The Select Committee has only been furnished with a copy of the Department's budget justification for the Title IV Program, although we requested a copy of the budgets for the Impact Aid program, the Vocational Education program and the Library Services program. I would appreciate copies of these budgets within the next two working days.

Answer. I apologize for the delay in transmitting the justifications to Congress. However, my Budget Service staff have arranged with the Senate Appropriations Committee staff to make copies available to you as soon as they are delivered to Congress.

INDIAN ASSISTANCE UNDER IMPACT AID PROGRAM

Question. What is the requested budget for the Impact Aid operational monies for "a" students?

Answer. In the FY 1987 budget for Impact Aid, the Department is requesting $533,000,000 for Maintenance and Operations activities. Of this total, $513,000,000 would be used for payments to school districts on behalf of "a" students.

Question. How much of that is projected to go to public schools with Indian students?

Answer. The Department of Education estimates that $208,326,000 of the "a" funds will be paid to school districts on behalf of Indian students.

Question. How does this amount compare with the FY 1986 appropriated level and the post-Gramm-Rudman level?

Answer. In FY 1986, $513,000,000 was appropriated for payments for "a" students. This is reduced to $490,000,000 by the Gramm-Rudman sequester. The portion of these funds to be used for payments on behalf of Indian students is estimated to be $202,200,000 before sequester and $193,500,000 after sequester. Payments on behalf of Indian students are expected to be higher in 1987 due to inflation, although the appropriation requested for all "a" payments is the same as that for 1986.

IMPACT AID CONSTRUCTION FUNDING

Question. What is the requested budget for Impact Aid Construction?

Answer. In FY 1987, the Department is requesting $5,000,000 for Impact Aid construction. Funds are requested only for Sections 14(a) and (b) of P.L. 81-815 (construction grants for local educational agencies that are comprised mainly of Indian lands and/or which provide free public education to children who reside on Indian lands).

Question. Do you have a priority list for such construction money?

Answer. Yes, a list of projects is maintained by priority ranking according to greatest need, based on criteria in the statute and regulations. The top ten projects on the current list are shown below. The priority list is revised as additional requests are submitted, so other applicants may take the place of those currently at the top of the list and receive funds first.

State and applicant and applicant's estimate	
North Dakota—Fort Yates Public School District #4	$3,000,000

Arizona—Chinle School District #24	21,000,000
Montana—Harlem High School District #12	3,315,000
New Mexico—Zuni Public School District	2,400,000
Montana—Browning High School District #9	5,500,000
Arizona—Window Rock Elementary School District	15,232,000
Arizona—Ganado Elementary School District #19	6,890,000
Arizona—Indian Oasis School District	5,748,000
Alaska—Craig City School District	1,850,000
Minnesota—Nett Lake Independent School District #707	1,426,000

Question. How many schools will that money build?

Answer. With $5,000,000, we should be able to fund one or two small buildings completely or significant stages of one or two larger projects.

VOCATIONAL EDUCATION INDIAN ASSISTANCE

Question. What is the requested budget for the Vocational Education program's Indian/native Hawaiian set-aside for FY 1987?

Answer. Under the Department of Education's FY 1987 request for Vocational Education, $5,914,559, including $107,222 from the Smith-Hughes permanent appropriation, would be set aside for the Indian and Hawaiian natives programs.

Question. How does this compare with the FY 1986 appropriated level?

Answer. The FY 1986 enacted appropriation for these programs was $11,992,937, including $107,222 from the Smith-Hughes appropriation.

Question. How does this compare with the post-Gramm-Rudman level?

Answer. The Gramm-Rudman sequester reduced the set-aside to $11,477,437. The Administration has proposed a rescission for the Vocational Education program, which would reduce the Indian/native Hawaiian set-aside to $8,883,947.

INDIAN EDUCATION PROGRAM ADMINISTRATION

Question. I do note that part of the proposal includes grants to the State educational agencies for distribution to the local educational agencies, as opposed to the current method of distributing grants directly to the LEA's. I would assume that this would cut down on the Title IV office's workload, especially since the Part B programs would be transferred to the BIA. However, you request an increase of $247,000 for the administration of the office. Please explain why you need an increase. I note that you state, in the justification, that this is for increased costs for equipment, rent, personnel, etc. However, the Department never requests additional monies for increased costs faced by Indian organizations contracting programs. Why would there be an increase in personnel costs, when you should have less work?

Answer. Program administration funding will be decreased in future years as the State grant program becomes fully implemented. However, in FY 1987, over 1,200 projects funded in FY 1986 will still be operating and require technical assistance and monitoring. Also, the new program will require extra work such as developing regulations and program guidance and providing technical assistance to State educational agencies in their responsibilities under the new program. It will also be necessary to close out prior projects and perform final audits.

The increase in funding between FY 1986 and FY 1987 is primarily concentrated in four areas: personnel, travel, housekeeping costs, and contractual costs. The largest single item in personnel is the planned hiring of the Indian education program director, a position which was filled for only one-third of the year in 1986. The increases in travel are associated with the need to continue monitoring the FY 1986 projects until the States are ready to assume that responsibility and for extra technical assistance to States during the start-up year of the new program.

The increase in rent, communications, and utilities for the National Advisory Council reflects a change in budgeting. In the past, these expenses have been paid by the Department's administrative funds account. For 1987 and the future, they will be budgeted in NACIE's account.

The increase in other services would fund contracts, data processing services, and equipment repair and maintenance which were curtailed in 1986 by deferring work until 1987.

Finally, the Department of Education does not request funds for contract costs of Indian tribes and organizations because of the nature of the programs that are funded under the Indian Education Act. Discretionary grants are awarded to Indian tribes and organizations through a competitive process. If an applicant is selected for funding, sufficient funds are included in the award to cover the grantee's approved administrative costs. There is no separate fund to cover these costs; they are considered regular costs associated with the grant and are negotiated with each applicant by the Department's Grants and Contracts Service.

Under our formula grant program (Part A Grants to LEAs), awards are made directly to the entity operating a school, such as the public school district or a tribe operating a BIA-contract school. Under this program, no awards are made to tribes which then transfer the funds to public schools, and no special coordination or administrative costs are incurred.

TRIBAL CONTRACT OPTION FOR GRANTS TO SERVE INDIAN CHILDREN

Question. Under your proposal for grants for Indian children, which I am going to refer to under the current title, "Part A," you state that the monies will go to the State for distribution, and that if a local educational agency does not apply for funds, a tribe could apply and provide the program. However, since you are picking up the Johnson-O'Malley program under your proposal, it would seem to me that the tribe should have the first option of contracting with the Department of Education, before any monies are distributed to the States. What thoughts do you have on tribal contracting for the Part A program?

Answer. The Department's legislative proposal has not been completed, and final changes may affect the extent of tribal contracting. However, there are several considerations which must be taken into account when determining whether to include tribal contracting as the preferred method of distributing the funds or whether to give grants directly to school districts.

First, the purpose of the Department of Education's Indian Education program is to provide supplementary programs for Indian children in public schools. About 82 percent of all Indian children are in public schools. There are two basic principles that guide most Department programs for disadvantaged children, including programs for Indian children. These principles are (1) to provide services to the children to improve their educational achievement and (2) to improve the capability of local educational agencies to meet the needs of the children, including integrating the services offered under the Federal program with those provided by the school district. It is essential that the Indian community be closely involved with the projects offered, but the primary agency which educates the children in this case is the public school district, not the tribe. It is much more cost-efficient to give the funds to the entity which provides the educational services, thus ensuring that maximum funds are available for services to the children. This should also help ensure that the total array of educational services provided to the children are well-integrated and coordinated.

Second, the Johnson-O'Malley program serves a specific group of Indian children—ones who are in Federally-recognized tribes and are in public schools on or near a reservation. But these children represent only about half of the total children served under both programs. Part A serves Indian children in rural areas not near a reservation, urban Indians, and non-Federally recognized Indians as well. Also, many of the Part A projects serve children from several tribes. Tribal contracting would become very complex in the many school districts outside reservations which participate in Part A.

Finally, we have generally agreed to include in the Administration's legislative proposal the option for tribes to obtain the grant and operate the program if the local school district does not apply. This will ensure that Indian children in all school districts receive services.

CHANGES IN CHILDREN SERVED UNDER LEGISLATIVE PROPOSAL

Question. Do you plan any changes in the service population for the programs you will continue to administer under your proposal?

Answer. The legislative proposal will contain the same definition of Indian that is currently in the Indian Education Act, so no children will become ineligible for funding as a result of this proposal. Also, the proposal includes a hold-harmless provision which will ensure that no State receives less than its local educational agencies received in FY 1986 for the Part A Grants to LEAs and Johnson-O'Malley programs. So there should be no major dislocations of funding as a result of the State grant program.

However, when State educational agencies distribute the funds to local school districts, they must use both the total number of Indian children in the districts plus criteria relating to educational or economic disadvantagement of the children, such as the number of Indian children who are from low income families, who score low on standardized achievement tests, or who are from sparsely populated areas. The application of these criteria may result in some school districts receiving more or less funding than under the current programs. Also, school districts would be required to use the funds for services to the Indian children with greatest need, so Indian children who are more disadvantaged would be more likely to receive services under this proposal.

EFFECT OF "TRANSFER" OF PART B FUNDS TO BIA

Question. Since the BIA has a different service population than does Title IV, what will be the financial and educational impact on those children currently served by the Part B programs should the transfer be approved by legislative action?

Answer. Four main programs are funded under Part B Special Projects for Indian Students—special projects for Indian children, educational personnel development programs, fellowships, and resource and evaluation centers. Two of these programs are involved in the "transfer" of funds to BIA—the projects for Indian children and the fellowship program.

Indian children receive services under special projects for Indian children, which was funded at $5.8 million in 1986 before sequester and $5.6 million after sequester. These projects are funded for one year. No applicant is guaranteed funding under this program; all must annually compete for funding based on criteria that include need for the program and adequacy of program design. The projects cover a variety of activities, such as preschool programs, curriculum development, dropout prevention, tutoring, and Indian cultural heritage studies.

In FY 1985, Indian-controlled schools received about one-third of the funds; urban Indian organizations received about 27 percent. The remainder went to a variety of Indian tribes and organizations outside of large urban areas. Almost all of the children who participated in these programs were eligible to receive services under the Part A Grants to LEAs program or from BIA schools. A few private Indian schools not funded by BIA would not receive funds.

These short-term projects help a number of students, although at higher cost than the Part A projects (average per pupil expenditure was $330 in 1985, compared to $139 per child under Part A Grants to LEAs). The projects rarely appear to have long-term benefits, such as improving the way public or BIA school systems meet the children's needs.

The Bureau of Indian Affairs plans to use the increase in funds to provide special enrichment programs for children in both BIA-operated and BIA-contract schools. Presently, both types of schools receive basic support under the ISEP formula (Indian Student Equalization Program) as well as support from several set-asides in Department of Education programs that are transferred to BIA. However, only the BIA-contract schools receive extra supplementary funds from the Department of Education's Indian Education Act programs. Thus "transferring" funds to the BIA will improve services to the BIA school children, will increase the equity of resource distribution, and will not result in serious disruptions to programs supported by the Department of Education.

The Department of Education has also requested no funds for the Part B Indian fellowship program, and BIA's budget for FY 1987 now includes funding from that program. BIA plans to use the funds for fellowships; however, only students eligible for BIA programs would be able to apply. The Department's Indian fellowship program has served a number of non-Federally recognized Indians, primarily Lumbees from North Carolina. These students will have to rely on other programs in the Department of Education, such as Pell Grants or Guaranteed Student Loans. Since many of these students are from low-income families, they will be able to qualify fully for these programs and should have no difficulty in obtaining aid. The Department would cease operating a highly duplicative fellowship program.

AVAILABILITY OF FUNDING BEFORE THE INDIAN EDUCATION ACT OF 1972

Question. Prior to the enactment of Title IV, were there other programs available to these Indian students?

Answer. Before 1972, there were a number of other education programs available to serve Indian students, including the Elementary and Secondary Education Act, Impact Aid, Vocational Education, Education Professions Development Act, several student financial aid programs, and others.

Question. Was it not the failure of the general departmental programs to meet the special needs of these students a major reason for enactment of Title IV?

Answer. This was true in 1972, but there has been a great deal of progress in Indian education over the past 13 years. There have been significant achievement gains by Indian children and adults during the past two decades. The Indian community has developed considerable expertise in working with the education community and obtaining their share of general education funding.

However, a number of programs specifically targeted at Indians now overlap other Indian programs, and some Indian children in programs supported by the BIA receive extra aid while others in BIA schools do not. It is time to realign and streamline the many programs specifically targeted at Indians to eliminate duplications, improve funding distribution, and reduce administrative costs. The Department has not proposed a decrease in funding for Indian Education, only redirection of funds and greater involvement of States.

ADULT EDUCATION

Question. Under your proposed budget, you seek increased funding for all adult education programs—some $18,000. What do you plan to use this extra money for?

Answer. The Department's request in FY 1987 is for $2,940,000, an increase of $18,000 over the 1986 appropriation and an increase of $143,000 over the 1986 level after sequester. The funds requested would be used for educational service grants emphasizing adult basic education and preparation for the G.E.D. The Department's Indian adult education programs concentrate on basic education activities, although supplementary programs such as consumer education and services such as child care are provided as needed.

TECHNICAL ASSISTANCE TO LOCAL PROJECTS

Question. Under the proposed transfer, you plan to terminate the resource and evaluation centers, since the State educational agencies would provide technical assistance and monitoring. Currently, the State educational agency of Oklahoma runs the Title IV program in that State, I believe. Yet the resource and evaluation center for the region gives technical assistance to Oklahoma programs. What safeguards would there be to ensure that the SEA would actually provide assistance to the local programs, especially those tribally contracted? I ask this because there are many State agencies that do not have a good working relationship with Indian tribes and organizations, as can be seen by the denial of grants to these entities for the general Adult Education Act programs.

Answer. At this time, no State educational agency administers a Title IV—Indian Education Act program, although about six SEAs receive Johnson-O'Malley funds from the BIA and fund programs for tribes and school districts that do not wish to contract directly with BIA. The Oklahoma State department of education receives Johnson-O'Malley funds but not Indian Education Act funding.

Under the Department's legislative proposal, State educational agencies would be required to disburse at least 95 percent of the funds to local school districts based on a formula. The formula would include the number of Indian children in the districts that want to participate and a weight for educational or economic disadvantagement of the children, such as the number of Indian children who are from low-income families, who score low on standardized achievement tests, or who are located in sparsely populated areas. The States would use their share of the grants for administrative costs and to provide technical assistance or special programs.

The Department of Education will monitor SEAs closely to ensure that they provide adequate assistance to school districts and tribes. The legislative proposal requires that State applications include a description of SEA procedures for providing technical assistance and for monitoring local projects. Monitoring and technical assistance by States participating in a State grant program are also required by the General Education Provisions Act (GEPA). The Department of Education would audit the State program, and if there was a deficiency in the stewardship of the State agency, the Department would take corrective action.

Because the States will be funded to provide technical assistance, there is no need for a second group of organizations to provide assistance in the same areas. Therefore, the Department is not requesting funding for the resource and evaluation centers.

INDIAN EDUCATION BUDGET REQUEST IF LEGISLATION NOT APPROVED

Question. Should the transfer not be approved, or not approved prior to FY 1987, what are your estimated needs for FY 1987 for the current Title IV program?

Answer. A portion of the FY 1987 President's Budget for Indian Education is based on passage of the legislative proposal, and no alternative budget has been developed. This is primarily true for the new State grant program which would replace the Part A Grants to LEAs program and the Johnson-O'Malley program.

A number of actions do not require the legislative proposal and would occur under appropriations legislation. The Department's proposal to streamline responsibility for Indian-controlled schools can be accomplished through appropriation action—by not funding the Department of Education's Part A Indian-Controlled Schools program and the Part B programs for Indian children and by supporting BIA's budget request for the enrichment program for BIA schools. The proposal for ending the fellowship program can be accomplished through appropriating funds only to BIA for fellowships.

Funding requested for the Indian adult education program would remain the same under current and proposed legislation, as would the program administration request.

The basic policy underlying the budget is to maintain approximately level funding for Indian education while accomplishing program reform, reducing overlap, and redirecting funds to programs of highest priority.

Mr. **Carnes**. Thank you, Mr. Chairman.

Senator **Andrews**. We appreciate your coming.

Mr. **Carnes**. Yes, indeed.

Senator **Andrews**. Our next witness is John Myers, Director, Department of Housing and Urban Development.

It is good to have you here Mr. Director.

I have a group of Indian children out in back. Let me assure you that your testimony will be included in its total in the record. You can summarize it any way you wish. You may proceed.

STATEMENT OF JOHN V. MEYERS, DIRECTOR, OFFICE OF INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY PATRICIA ARNAUDO, DEPUTY DIRECTOR

Mr. **Meyers**. Mr. Chairman and members of the Senate Select Committee on Indian Affairs, I appreciate the opportunity and am honored to represent the Department of Housing and Urban Development before your committee.

Before I discuss the Department's fiscal year 1987 budget, let me provide perspective on HUD's Indian Programs.

I am proud to report that since I testified before your committee last year the Department and the Indian Housing Authorities have made some important strides to improve the Indian housing delivery system. These accomplishments were made possible because of the excellent cooperation from, as well as hard work of, the Indian Housing Authorities and the tribal leaders in the Indian and Alaska native communities.

Let me mention some of the major fiscal year 1985 accomplishments:

We have accelerated construction starts and have developed and instituted use of a recapture policy, so that taxpayers' dollars are not wasted on stalled projects that may never be built on Indian reservations.

We have developed an annual capability assessment document to isolate certain IHA problems so that Indian field offices can provide the appropriate level and amount of technical assistance to solve those problems. This report card has also been a tool for rewarding sustained performance and in awarding new units.

We have developed and implemented a computerized tracking system to monitor Indian housing activities. The tool is especially useful in helping to assure that offsite sewer and water funds are provided in a timely manner.

We have worked cooperatively with the Indian Housing Authorities to return to the Treasury over $18 million in excess development and modernization funds.

We have also launched successful training initiatives which have helped to reduce the increase in tenant accounts receivable by 50 percent. Also, there was a 50-percent reduction in the number of IHA's contributing to the tenant accounts receivable during the fiscal year 1985 versus fiscal year 1984 time periods.

Finally, with great help from the Indian Housing Authorities, we have significantly reduced the development costs over the past 4 years by a record 22 percent. That is reducing the average cost from $74,000 per unit in 1981 to about $58,000 per unit in 1985. This reduction has enabled us to produce, in 1983, 1984, and 1985, more units than we had originally estimated.

Together with the Indian Housing Authorities, we will continue to search for ways to economize on the cost of bringing Indian housing online without compromising standards of durability and livability, through the use of alternative materials and structure types, and through streamlined construction processes. We are currently engaged in a special project to test the use of traditional materials, such as adobe, plank, and log. We look forward to reporting to you on the success in the future.

Now let me address the budget matters.

Senator ANDREWS. Mr. Director, I hate to interrupt you, but let me point out to those here that I met with a group of these Indian young people who have taken part in a poster contest about traffic safety, and they have come with their posters. I invited them in so that they could see how this committee operates.

When we are talking about education, medical care, housing, and all the rest these are the people we are talking about. I just wanted to make sure that those of you who haven't been on a reservation or haven't looked all that closely—this is what it is all about. I just invited them in so they could stand and see how one of these hearings goes.

You can proceed.

Mr. MEYERS. The interruption was a pleasurable one.

Again, allow me to quote Secretary Pierce from his February 5 statement at which he unveiled HUD's new budget. He stated:

> Let there be no doubt that this is the year when we must decide to finally bring Federal spending under control. We can no longer allow enormous budget deficits to jeopardize America's future growth and prosperity.

Reflecting the administration's deficit reduction effort, and the requirements of the Gramm-Rudman-Hollings legislation, HUD's fiscal year 1987 budget proposes no Indian housing units in either 1986 or 1987. A rescission and deferral request has been submitted, therefore, to eliminate the 1,921 Indian housing units in 1986 remaining after the sequestration process.

This action is taken recognizing that approximately 12,000 units in the Indian housing development pipeline will be constructed for families in Indian and Alaska Native areas over the next 4 years. The budget also proposes a change in the method of financing public and Indian housing modernization and development. This will result in Indian projects being fully financed through 1-year capital cost grants in 1987.

The fiscal year 1987 budget also calls for a reduction of public and Indian housing development amendment funding from the $288.2 million available after sequestration to $200 million of budget authority for fiscal year 1986. The Indian housing portion of this amendment funding will be sufficient to meet the capital expenditures for offsite sewer and water facilities, as well as the correction of design and construction deficiencies, additional funding needed to reach construction start, litigation, and other high priority needs.

Regarding the Comprehensive Improvement Assistance Program [CIAP] for public and Indian housing, the administration's budget proposes a reduction from a $736.4 million capital cost level provided in the 1986 appropriation to a $225 million capital cost level to provide funding for emergency requirements only. The modernization program in 1987 also will be limited to $225 million of direct grants, equivalent to $458 million of budget authority under the current long-term debt amortization financing method, for emergency needs only.

We are providing virtually full funding of public and Indian housing operating subsidies and utility costs. At the same time, we are asking Indian Housing Authorities to economize along with us by freezing funding for administrative costs. Despite reductions, $75,000 is being made available for technical assistance to Indian Housing Authorities as well as a portion of the $1.331 million for help to troubled Indian Housing Authority projects for 1986. The fiscal year 1987 budget includes a portion of the $1.5 million for troubled Indian projects.

In the area of deregulation, we are in the final stages of developing a separate, streamlined, and consolidated Indian housing regulation to address the unique Indian concerns in Indian areas. Many of the regulation changes have been recommended by the Secretary's Committee on Indian and Alaska Native Housing. This committee, which is composed of national Indian organizations, as well as tribal and Indian Housing Authority officials, was set up in 1983 to advise HUD on Indian housing matters.

As I indicated at the outset, we have made significant progress in improving the Indian Housing Program. We pledge to continue our efforts in this direction in order to carry out our responsibilities to America's Indian and Alaskan Native population, as well as to the American taxpayer.

This, Mr. Chairman, concludes my remarks.

I have to my left Ms. Pat Arnaudo, my deputy in the Office of Indian Housing.

Senator Andrews. Thank you, Mr. Director.

As I pointed out earlier, the Department of Housing and Urban Development proposes not only to zero fund the Indian Housing Program, but also to rescind the funds provided in fiscal 1986 to construct some 2,000 new units of Indian housing and to recapture some of the funds already in the housing pipeline from prior appropriations.

Are you currently holding any funds for construction of water and sanitation facilities for Indian housing?

Mr. MEYERS. We certainly are. As I mentioned earlier, we have devised a Computer Cash Management Program. Those funds are not released to the various authorities for construction until they are actually needed.

Senator ANDREWS. Why do we have funds separate from the construction of the housing and the sanitation facilities in the housing?

Mr. MEYERS. Water and sanitation come from two sources. On scattered sites the actual provision for water and sewer comes out of the development funds. In other words, a private well and septic system is provided for those units. Offsite sewer and water is normally associated with cluster housing, requiring more sophisticated forms of disposal and a centralized water system.

Senator ANDREWS. Do we have some Indian housing now completed that doesn't have sewer and water hookups?

Mr. MEYERS. Mr. Chairman, all last year I was aggravated by undocumented allegations. I share your concern that we not build houses without adequate sewer and water hookups.

Senator ANDREWS. I appreciate that support of my position, but the question is: have we, indeed and in fact, built housing without adequate water and sewer hookup?

Mr. MEYERS. Not to my knowledge.

Senator ANDREWS. In other words, all of the Indian houses out there—Indian housing out there—have adequate water and sewer hookups?

Mr. MEYERS. Let me state this: to my knowledge, that is so, and I have surveyed the field and I have asked for particular projects and site numbers where this does not exist. We are capable of making errors, but I have had no one approach me to give me a specific reservation and a specific project number where this situation exists. If there is one out there, I would appreciate knowing about it. We would like to correct that.

Senator ANDREWS. Now any Indian housing under construction at the present time also has adequate funding to go along with that construction so that sewer and water hookups will be made pronto and there will be no problem there?

Mr. MEYERS. Funding for developments—in other words, reservations—and the funding for the appropriate means of sewer and water are not provided for in the same appropriation unit.

It generally takes an Indian Housing Authority a year to move from an initial reservation to a development plan. Within that development plan several local decisions take place. One of those decisions is whether or not to have cluster housing or scattered-site housing, which has a direct impact on what kind of sewer and water system is provided.

We will necessarily delay the funding until those decisions are made and until there is an actual need developed. We do not have release authority, so to commit the amendment funds to development projects before those things are known would be inappropriate.

Senator ANDREWS. But, Mr. Director, the fact still remains that in earlier testimony the Indian Health Service Director stated that they had requested some $25 million in funds for this kind of water and sanitation facilities for Indian housing, for houses that were either under construction or already constructed, and that they had been turned down by the Office of Management and Budget.

They also just told this committee that they did not know where else that money would come from if it weren't coming from their request to you.

Now, again, the reason we hold these hearings is not because we love to look at each other and not because we don't have better things to do, but because it is extremely important that we tie together these several reports and several statements from various agencies, so that something isn't forgotten in the shuffle. It looks like something fairly significant has been forgotten if one agency says we need $25 million to provide these facilities and another agency says, "Hey, it's all taken care of."

Now let me convert what you have said, that it is all taken care of, into really what the key thing is: Are you assuring this committee that if there are any Indian housing units out there, either under construction or already constructed, that don't have sewer and water facilities, you're going to do everything within your power as an agency to make sure immediately that those sewer and water hookups are facilitated?

Mr. **Meyers**. You may be assured; yes, sir.

Senator **Andrews**. And that the Department of Housing and Urban Development is going to make available these funds to the Indian Health Service, or wherever they might have to be made, so that we don't have standing homes with no water and sewer hookups?

Mr. **Meyers**. You may be assured with the caveat that we are talking about HUD-assisted housing only.

Senator **Andrews**. Now, well, that is enough of a caveat. If you are talking about HUD-assisted—we are starting where we can start; we have that assurance. You see now how the legislative process works: we get them in here and we find out, and finally, eventually, we get that pledge. [Laughter.]

Now, of course, the problem follows, as the night follows the day, that that leaves all Indian housing that has been constructed without HUD funds, other funds, without water and sewer. Where do you propose that those particular housing structures get their water and sewer from?

Mr. **Meyers**. You are begging the non-HUD question, Mr. Chairman.

Senator **Andrews**. He is probably writing out that it should be the Indian Health Service. Now the Indian Health Service says they have no funds; they have to get it from you. So, again, we are trying to get to the bottom of all this.

Mr. **Meyers**. We are requesting funding for HUD-assisted housing. The other housing that exists or is contemplated for construction on Indian reservations—I don't have any authority on which to respond to the question, Mr. Chairman

Senator **Andrews**. But for any housing that HUD had any part of, you will make sure that there are sewer and water facilities hooked up and it will be done——

Mr. **Meyers**. Yes, sir.

Senator **Andrews** [continuing]. Before the people have to move in, so they're not sitting out there without these facilities? Well, we made some progress today.

Mr. Director, I have some other questions that I will submit for the record.

Mr. **Meyers**. Yes, sir.

[The following additional questions were submitted to the Department of Housing and Urban Development and appear along with the Department's responses:]

QUESTIONS SUBMITTED TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1. Question: Your statement indicates that last year the Indian Housing Program returned $18 million to the Treasury as excess development and modernization funds. How much, if any, of this money was in the form of funds recaptured from the construction "pipeline" due to delay in actual development of construction?

Answer: Of the approximately $18 million in Indian housing development funds returned to the Treasury in FY 1985, about $11,300,000 was attributed to the normal "fallout" of funds from projects in the Indian housing pipeline. Please note that this includes some entire projects, some partial projects, and some extra project funds.

2. Question: If you had been able to use these recaptured funds instead of returning them to Treasury, how many new units of housing could be built?

Answer: Assuming the average cost of a unit is $60,000, approximately 190 additional new units of housing could be built. This figure includes all costs associated with the units except for off-site water and sewer funding (approximately $7,500 per unit) which would be provided from amendment funds.

3. Question: You indicate there are about 12,000 housing units in the "pipeline." Apparently, funds for some of these units are also due for recapture. What is your criteria for determining when project funds become subject to recapture and how many projects or housing units are presently in the pipeline that may be subject to recapture?

Answer: Enclosed is a copy of HUD's March 18, 1985, memorandum which explains the Department's Indian housing recapture policy. This policy states that projects must have an approved Development Program one year after the project was reserved, or the project is cancelled. Projects with an approved Development Program must start construction within one year. If the Indian Housing Authority (IHA) fails to meet these deadlines, the project could be recaptured unless the IHA can prove to HUD's satisfaction that the reasons for the delay were caused by the Federal Government (and then we will consider an extension equal to the time of delay). There are currently approximately 1928 units (74 projects) with $300 million in budget authority in jeopardy of being recaptured by March 31, 1986, in accordance with the Department's March 18, 1985, recapture policy.

4. Question: It has been estimated that there is a need for about 60,000 new Indian housing units with 30,000 existing Indian housing units in need of rehabilitation. This seems to correspond with past statements from HUD. In your opinion, is this estimate accurate?

Answer: According to the most recent U.S. Census data, the total need for new Indian units in Indian areas is approximately 59,000 units. Existing housing not funded by HUD does not come under our jurisdiction. Therefore, we have not verified the BIA statistics showing as a need to renovate 30,000 existing Indian housing units.

5. Question: The FY 1987 budget states that no new public or Indian housing units are proposed in 1987 and subsequent years since the Section 8 voucher program will provide a more cost-efficient system. In your opinion, will the voucher system work in Indian country, and if not, why not?

Answer: The voucher system is not expected to work in Indian country. The Section 8 voucher concept relies on the availability of private market rental housing. There is almost no private market rental housing in Indian areas.

6. Question: Is HUD currently holding any funds for construction of water and sanitation facilities for Indian housing and, if so, are they subject to transfer to the Indian Health Service for the actual work? Are any housing projects currently under construction subject to these funds?

Answer: The agreement between HUD and the Department of Health and Human Services, Indian Health Service (IHS), delineates the process for the transfer of off-site water and sewer funds to the IHS. According to this mutual agreement, the IHA, tribe, IHS, and HUD must first execute an acceptable work plan (Memorandum of Agreement). HUD makes a commitment to fund the off-site water and sewer facility when the housing project needs the funds, generally about the time the project starts construction. For example, HUD recently allocated $22.3 million in FY 1986 (loan authority) amendment funds to Indian field offices. Of the total, approximately $11.9 million (loan authority) is planned for projects which will need off-site water and sewer facilities funding before the end of FY 1987. Also, under the HUD-IHS Agreement, funds are transferred to the IHA at the time the project is to start construction (see enclosed MOA). The IHA can contract with the IHS or a private contractor. To transfer the funds sooner (before they are needed for the actual work) would be a waste or misuse of public funds.

Based on a recent survey of Indian field offices, there are no HUD-assisted Indian housing projects currently under construction that lack off-site water and sewer funding.

7. Question: Your statement again speaks of demonstration projects for use of traditional materials such as adobe or logs for Indian housing units. It appears this project was initiated last year. Have there been any housing starts under this demonstration project and are you encountering any problems or delays in getting it off the ground?

Answer: Because of the widespread advocacy in Indian country for use of adobe and other native building materials in HUD-assisted housing, HUD designated FY 1984 funding for five Southwestern IHAs (with 65 total units) to test use of traditional materials in constructing Indian housing. The projects are proceeding slowly simply because of the newness of the program. Gila River is currently rebidding its adobe project, assuming the use of an "adobe machine" (which appears to be more cost-effective than handmade adobe). Two of the IHAs (Northern Pueblo and Papago) are also considering the use of an adobe machine in redesigning projects. The Hopi IHA plans to pursue its stone-type traditional project. The Hoopa IHA project (plank construction) was recaptured because of lack of progress. While no project is yet under construction and only one (Gila River) has an approved development program, there is enthusiasm and interest by the affected IHAs in completing their projects. We are optimistic that some of the difficulties in building modest housing with traditional materials can be resolved in time and that, in the future, we can report to your committee on our efforts.

8. Question: How much would the Indian Housing Program be eligible for under the HUD Modernization Program if the President's proposed budget is passed by Congress? Is this amount adequate?

Answer: HUD's FY 1987 budget request assumes that the proposed $225 million (loan authority) would be used only for public and Indian housing "emergency" funding. Enclosed is the definition of emergencies, as stated in the Comprehensive Improvement Assistance Program (CIAP) Handbook. Currently there is no estimate of Indian housing versus public housing emergency needs; we anticipate the highest priority emergencies being funded first.

9. Question: It is our understanding that HUD developed a plan to separate the Indian Housing Program from Public Housing in an effort to strengthen the Indian housing component. Apparently, OMB has rejected this proposal and HUD is appealing this decision. What is the rationale for the separation and what, in your opinion, is the basis for OMB's negative response? What is the status of that proposal?

Answer: The Department submitted a FY 1987 legislative proposal to OMB to separate the Indian Housing Program from public housing under the basic provisions of the U.S. Housing Act of 1937. The rationale for this separation proposal is to recognize the unique relationship between the U.S. Government and Indian tribes and special housing problems of the Indians. Because the housing construction and operation in Indian areas differs significantly from that in more urbanized areas and because most Indian tribes are separate governments relating to the U.S. Government by treaty, Indian requirements are not the same as public housing program requirements. Also, amendments to the 1937 Act enacted to resolve public housing problems automatically apply to the Indian housing program as well. This situation has created unnecessary and burdensome administrative problems for Indian programs. Finally, the separation will facilitate a review of further changes needed to adapt the Indian Housing Program to the specific situation in Indian areas, deleting unnecessary and inappropriate provisions designed for the more urban public housing program.

OMB initially turned down the Department's separation proposal, but later encouraged the Department to appeal by asking us to submit a complete FY 1987 Indian housing separation proposal. At that time it was recognized that a complete legislative proposal could not be completed by the date the Administration's Budget was submitted to Congress.

10. Question: In FY 1985, HUD recaptured 179 units and estimates that it will recapture 153 units in FY 1986 and 137 units in FY 1987 that have been in the pipeline for several years. Why was the recapture instigated? What happens to the recaptured funds? Does HUD have a policy for reuse of these funds and, if not, does the Department intend to initiate and/or support legislation to allow for reuse of these monies.

11. Answer: In March 1985, HUD instigated a recapture policy for the following reasons:

- Projects stagnated in the pipeline (projects that will never be built) do not house any Indian families. Congress authorizes Indian housing development funds to provide housing for Indian families.

- Indian housing development funds allowed to languish in the pipeline were sometimes not being used for the intended purposes. Recent Office of Inspector General reports described this problem.

- A recapture policy responds to a longstanding Congressional concern about the large Indian housing pipeline. In the past, the Department did not enforce the pipeline deadline in the 1979 version of the Indian housing regulations, assuming the need to use all available funds to provide homes for Indian families. The public housing recapture policy, initiated in May 1983, was not applied to Indian housing. The March 18, 1985, recapture policy was a result of our discovery that many projects would never house Indian families and that some development funds were not being used for the intended purposes.

- It should be emphasized that the majority of about 170 IHAs were conscientious in moving their projects; only about 10 to 15 IHAs are in danger of losing projects.

As a result of the Indian recapture policy, the Indian pipeline has been accelerated. For the first time in several years, Indian housing exceeded its starts goal (3419 units were started) and met its completions goal (2417 units were completed and available for occupancy).

When HUD recaptures an Indian housing project, funds are returned to the Treasury. HUD does not have a reuse policy because the appropriations legislation specifically states that recaptured Indian housing funds, along with other assisted housing development funds, must be returned to the Treasury.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

MAR 18

MEMORANDUM TO: Regional Administrators V, VI, VIII, IX, & X

Attention : All Indian Field Office Directors

Warren T. Lindquist

FROM : Warren T. Lindquist, Assistant Secretary
for Public & Indian Housing, P

SUBJECT : Indian Housing Project Action Deadlines

Congress has expressed concern in the past about the time it takes Indian housing projects to proceed through the development pipeline. The number of projects languishing in the pipeline continues to remain high despite our repeated guidance to you to use all possible efforts to move projects to construction start. A recent computer analysis disclosed that there are 95 projects which were approved prior to 9/30/82 and still do not have an executed ACC, and 38 projects which were approved prior to 9/30/81 in the same situation. This situation is embarrassing and is an impediment to our relations with Congress when we attempt to secure special consideration for Indian housing. I have decided that we can no longer let this situation continue.

You are hereby directed to analyze the projects in your preconstruction pipeline for compliance with required development deadlines:

1. In those cases where the IHA has not submitted an approvable Development Program (which includes final site approval) within the one year after issuance of a Program Reservation, the Program Reservation should be cancelled. However, the time period may be extended if the IHA is capable of submitting an approvable Development Program and commencing actual construction within one year, and agrees in writing to such a time schedule;

2. In those cases where the Development Program has already been approved, the HUD approved time schedule established at the Project Coordination Meeting should be reviewed and monitored for compliance by the IHA. If this schedule is not being met the schedule should be renegotiated immediately (within 45 days) and construction start should commence within one year.

For any projects under ACC, the Indian field office must advise the IHA that if the project fails to meet the applicable deadline date, the IHA may be found to be in substantial breach or default of the ACC. The ACC may be terminated for substantial breach or default in accordance with Part II, Sections 507 and 509 (rental projects) or Article XIII (mutual help projects). You must begin now to document an IHA's inaction in order to withstand a challenge to ACC termination should such action become necessary.

We will consider requests for exceptions to this recapture policy only for valid reasons, generally those beyond the control of the IHA (e.g., delays in BIA lease approval or litigation). At the appropriate time (no earlier than three months prior to the potential termination date), a field office may submit such a request identifying the project and giving a succinct statement as to why the project should not be terminated.

However, HUD's willingness to sacrifice projects in order to move the pipeline will indicate the seriousness with which we are viewing this situation. A concerted effort by the IHAs will preclude the need to terminate any projects, and we would rather move the pipeline than recapture. My staff will be monitoring the progress of these projects.

Any concerns or questions regarding this policy should be directed to Patricia Arnaudo or Bobby Fenner on FTS 755-6522.

appropriate. Field Office eligibility review shall determine if the applications meet all the following basic eligibility requirements.

(1) PHA Modernization Capability. The PHA has at least minimal modernization capability to carry out its proposed modernization. The Field office shall consider the PHA's modernization pipeline of previously approved, but unobligated funds and whether the PHA can administer any additional funds.

(2) Project Viability. The project, after modernization, will have long-term physical and social viability. This test is not applicable where only emergency modernization is proposed.

(3) Work Item Eligibility and Need. Based on the general description of the major work items in the Preliminary Application and the Field Office's knowledge of the project's conditions, the work items appear to be eligible and needed.

b. Determination of Eligibility. After the eligibility review, the Field Office shall determine which projects are eligible for batching under subparagraph c. The AHM Branch shall not batch or recommend for Joint Review any application which is ineligible.

c. Field Office Batching. The Field Office shall batch the eligible projects into the following three groups. A PHA proposing all types of modernization may have projects included in each group. For batching purposes, the Field Office may extract emergency or energy conservation work items from comprehensive modernization proposals.

(1) Group 1. Projects having emergency conditions that pose an immediate threat (i.e., must be corrected within one year of funding approval) to tenant health or safety and proposed for assistance under emergency or homeownership modernization;

(2) Group 2. Projects having conditions which threaten tenant health or safety or having a significant number (10 percent or more) of vacant or substandard units and proposed for assistance under comprehensive, special purpose or homeownership modernization; and

(3) Group 3. Other projects not meeting the criteria in subparagraphs c(1) and (2) and proposed for assistance under comprehensive, special purpose or homeownership modernization.

d. State Notification.

(1) Under paragraph 1-7, where the State has established a review process and has selected the CIAP to review, the Field Office shall provide the State with an opportunity to comment on all Preliminary Applications proposing comprehensive modernization and determined to be eligible under subparagraph b and meeting the threshold levels of 50 or more units in urban areas or 25 or more units in nonurban areas. Preliminary Applications proposing emergency, special purpose or homeownership modernization are excluded from the State notification requirements.

(2) The Field Office shall prepare one Standard Form (SF) 424, Federal Assistance, Section I only, for each covered Preliminary Application. The Field Office shall batch and forward copies of the covered Preliminary Applications and SF 424's to the State single point of contact (SPOC) for review. The comment period begins on the day after the Preliminary Applications are mailed. The comment period is 60 days, plus an additional 5 days for mailing for a total of 65 days.

(3) The Field Office shall submit the State comments, if any, to the Regional Office with its preliminary funding recommendations under paragraph 3-14c. Following Regional Office preliminary funding decisions under paragraph 3-14d, in response to an official State process recommendation (comments submitted by a State, but not as an official State process recommendation, need not be addressed), the Regional Office must either:

(a) Accept the recommendation;

(b) Reach a mutually agreeable solution with the parties preparing the recommendation; or

(c) Provide the State SPOC with a written explanation for not accepting the recommendation or reaching a mutually agreeable solution, i.e., nonaccommodation. If there is

MEMORANDUM OF AGREEMENT
AMONG
THE UNITED STATES OF AMERICA
AND
THE ________________ HOUSING AUTHORITY
AND
THE ____________________ TRIBE

This Agreement is made among the Indian Health Service hereinafter referred to as IHS, Department of Health and Human Services (HHS), under and pursuant to the provision of Section 7 (a)(3) of Public Law 86-121 (42 USC 2004 (a); 73 Stat. 267); the _____________ Tribe hereinafter referred to as the Tribe, acting through its Chairman; and the ____________________ ____________________ Housing Authority, hereinafter referred to as the Authority, acting through its Executive Director; and is subject to the approval of the Department of Housing and Urban Development, hereinafter referred to as HUD (acting through its field offices).

WHEREAS, the Authority is undertaking construction of _______ housing units with financial assistance from HUD as part of a housing project located at _______________ and known as HUD-assisted Project Number __________; and

WHEREAS, the Authority, (by Project Proposal dated __________) requests IHS assistance in the provision of off-site water and sewer facilities to support the HUD assisted Indian housing units for HUD-assisted Project Number ________; and

WHEREAS, the Interdepartmental Agreement on Indian Housing executed by and among the Department of Health and Human Services, the Department of the Interior, and the Department of Housing and Urban Development setting forth the responsibilities of the various government agencies in the provision of sanitation facilities has been supplemented by letters of understanding between HUD and HHS to allow the Authority to assume certain responsibilities for the provision of off-site water and sewer facilities for HUD-assisted Indian housing units;

NOW THEREFORE, in order to provide the water and sewer facilities project as set forth in the attached Project Summary dated ________, the parties mutually agree that:

1. The IHS shall provide to the Authority all materials, supplies, equipment, labor, tests, consultations, and inspections necessary for construction of off-site water and sewer facilities for the HUD-assisted housing units in the project in accordance with the attached water and sewer facilities Project Summary.

2. The Authority shall contribute to the IHS an amount totaling $__________ for construction of off-site water and sewer facilities under Paragraph 1 of this agreement.

3. In the case of off-site water and sewer facilities which serve both HUD-assisted units and non-HUD-assisted units, the Authority's contribution shall only be used for the pro-rata share attributable to the HUD-assisted units as provided in the attached Project Summary. Authority funds shall not be used to provide water supply and sewer facilities to non-HUD-assisted units and IHS shall arrange for other funds for the non-HUD-assisted portion of the sewer and water facilities.

4. If the actual cost of providing the pro-rata share of the off-site sewer and water facilities for the HUD-assisted units is less than the amount of the Authority's contribution, then the difference will be refunded to the Authority. If, on the other hand, the revised projection of actual cost of providing the pro-rata share of the off-site water and sewer facilities for the HUD-assisted units will exceed the Authority's contribution, then the IHS will so notify the Authority and HUD. The Authority will then provide an additional pro-rata contribution to the IHS. Any additional contribution by the Authority shall be subject to the availability of funds and prior approval by the HUD field office. It is understood that the Authority must provide an additional pro-rata contribution to the IHS prior to the IHS performing any work or incurring any cost under this Agreement (or amendments thereto) which will involve pro-rata costs in excess of the Authority's contribution.

5. The off-site sanitation facilities shall be constructed in accordance with existing standards and procedures used by the IHS for construction of such facilities under the Indepartmental Agreement on Indian Housing. Construction shall begin as soon as practicable after this Agreement becomes effective (see paragraph 18) in accordance with a schedule to be agreed on by the IHS, the Authority, and the HUD field office.

6. The Authority shall require the housing construction contractor or Turnkey developer to coordinate the installation of on-site water and sewer facilities with the IHS and shall notify the IHS project officer at the appropriate times to facilitate necessary inspections of on-site sanitation facilities construction.

7. The IHS shall maintain a set of accounting records for recording all transactions relating to funds received from the Authority for this project and shall provide the Authority and the HUD field office with a quarterly summary Development Cost Budget/Cost Statement (Form HUD 52484), lines 50, 51 and 52, or a Development Cost Budget (Form HUD 53045 A), lines 53 and 54, as appropriate, indicating actual development cost incurred for each project, by HUD account classification, as well as a narrative description of the project progress. The report should be provided to the Authority and the HUD field office by the end of the month following the end of each quarter or as otherwise directed. The IHS shall also provide to the Authority and/or the HUD field office, upon request, detailed accounting data relating to the cost incurred for each project.

8. The Tribe and/or the Authority, as appropriate, shall obtain and provide all rights-of-way, easements, or other interest in land determined necessary to carry out the obligation of the IHS under this agreement.

9. The Tribe and Authority hereby grant permission for the IHS and its representatives to enter upon or across lands under control of the Tribe or Authority, without charge, for the purpose of carrying out the project outlined in the attached Project Summary as provided for in this Agreement, and further agree to waive all claims which may arise by reason of such entry upon those lands.

10. The Tribe and the Authority shall abide by the recommendations of the IHS regarding testing, construction, inspection and final review of the facilities provided under this Agreement, in order to assure that the facilities will function properly and meet minimum public health standards. HUD may also perform an inspection, at HUD expense, if HUD so desires.

11. In consideration of the contributions made and the maintenance responsibilities undertaken herein by the Tribe upon completion of the project, the IHS will transfer to the Tribe without charge, all rights, title and interest in the water and sewer facilities including all materials, supplies, and equipment provided for and incorporated therein pursuant to this agreement.

12. The Tribe or the responsible operation and maintainance organization will adopt rules and regulations governing the operation and maintenance of the installed community sanitation facilites to include user rates and a bookkeeping system to enable the Tribe, or other organization to sustain the effective operation and maintenance of these systems. These rules and regulations shall have the concurrence of the IHS and will be in force prior to the date of transfer. Where desired by the HUD field office, notice of the approved rules and regulations will be provided to the HUD field office.

13. The Tribe or the responsible operation and maintainance organization will accept transfer of the community water and sewer facilities and assume responsibility for the maintenance, operation and repair of such facilities as its own property, so as to keep them in an effective and operating condition. The IHS shall provide instruction to appropriate tribal or other officials regarding the proper utilization, maintenance, operation and protection of the water and sewer facilities transferred.

14. It is the understanding of the parties to this Agreement that participants whose units will be connected to the community water and sewer facilities will be responsible to the Tribe or other responsible entity for the payment of the montly service charge, unless funds are identified for operation and maintenance from another source, and that these participants must adhere to the rules and regulations adopted by the Tribe.

15. Due to the relationship between HUD and the Authority, under an Annual Contributions Contract (ACC) executed between them, this Agreement, and any amendments to this Agreement, for sanitation facilities to be funded under said ACC, shall be subject to the prior approval of the HUD field office.

16. The IHS shall obtain and provide to the IHA one year minimum warranties on all equipment, work and supplies obtained by IHS unless this is determined to be economically infeasible by the IHS and HUD. The IHS shall assist the Tribe, or other responsible operation and maintainance organization, in obtaining the benefits and protections of all warranties on equipment or work provided under this Agreement. In the event of a problem occuring within the first year of installation with the design or construction of IHS-installed facilities on equipment or work not protected by the warranties of the suppliers or manufacturers, the IHS will correct such problems, subject to the availability of funds and staff resources as determined by the IHS and HUD.

17. Any party to this Agreement may pursue its rights and remedies for breach of the terms or responsibilities by any other party to this Agreement.

18. This agreement shall take effect upon: (1) transfer of the full amount of the contribution provided for in paragraph 2 to the IHS, and (2) approval by the appropriate HUD field office.

Alternate Paragraph 18 to be used when the Project Summary specifies a phased project.

18. The water and sewer project which is the subject of this Agreement will be implemented by phased construction in accordance with the attached Project Summary. The total cost of the phases will equal the amount of the contribution provided for in paragraph 2. Each phase shall represent a separate agreement under the MOA, and each agreement shall only become effective upon: 1) transfer of the full amount of the IHA's contribution for that phase (see list below), and 2) approval by the HUD field office of the MOA.

Phase I $__________

Phase II $__________

Phase III $__________

Phase IV $__________

HHS	Date
Tribe	Date
Authority	Date
HUD (Approval)	Date
Responsible Operation and Maintenance Organization (If Appropriate)	Date

Senator ANDREWS. I will refer to my colleague, Senator Melcher.

Senator MELCHER. Thank you, Mr. Chairman.

I am a little bit puzzled by your statement, Mr. Meyers, on January 22, when you told the National American Indian Housing Council that the administration is sensitive to unmet housing needs. The reason I am puzzled is because January 22 you certainly must have been aware that you were going to ask for a rescission.

Mr. MEYERS. Yes, I did make that statement. I still stand by that statement. Yes, I was aware of the request for sequestration.

I made that statement——

Senator MELCHER. Rescission?

Mr. MEYERS. Yes, sir, a rescission.

I made that statement——

Senator MELCHER. What are you saying now, a rescission or a sequestration?

Mr. MEYERS. Rescission.

Senator MELCHER. Well, you made that statement at the time when you were aware of a rescission request to the Indian housing council, which to mean that you could build some houses this year.

Mr. MEYERS. That will not affect the construction process for this year.

Senator MELCHER. For 1986?

Mr. MEYERS. For 1986, that is right. There exists in the pipeline approximately 12,000 units of unconstructed housing. Responsible construction and transition to management—we have determined that the system for building HUD-assisted housing on Indian reservations has a capacity of about 3,000 to 4,000 units per year. That, we feel, with the extensions to the recapture policy of any time delays caused by the Federal Government, which can be adequately documented, would stretch out the existing pipeline to cover approximately 4 years. So housing will go on even though we are asking for a rescission of the 1986 units as well as future units through this deficit reduction process.

Senator MELCHER. What are you going to build in 1987, then?

Mr. MEYERS. We will be building in 1987 approximately 3,000 units, but we are not asking that any new funding be made available. The construction will be coming from the existing pipeline.

Senator MELCHER. Well, the existing pipeline is one thing, and I think the statement you made was entirely misleading. It would be to me, if I had been present. The statement to the Indian housing council of being committed and having the rescission—I am not very reassured because a rescission this year, if granted and not disagreed to by the Congress, would certainly invite another rescission next year and the year after. This seems to me to be abandonment of any concern of any substance to Indian housing. We might as well frame it in reality rather than piece by piece take a whack here and then another whack next year and another whack the year after that.

I think the figures show that the shortage of housing is 60,000 now and 30,000-plus that need over and above that 60,000 shortage, 30,000 that need rehabilitation very badly. I don't see that going away. I see more need rehabilitation after this year, next year, and more housing needs being unfulfilled.

I don't think we ought to paint it any better than it is, and the administration would be wiser, I think, to say we don't have enough dedication to the needs of Indian housing during this period of time to commit much of anything. I think that would be accurate. We would know where we are at.

Mr. MEYERS. Well, I take your comment as an opinion. I think that, as a representative of the administration, there is certainly no plan for abandonment. There is simply a time to exhaust that which exists in the pipeline. The numbers of units which exist in the pipeline and the current pace at which housing is being constructed in Indian country carries through for the next 4 years. That is accurate. There is no plan for such abandonment that I know of in this administration.

One of the pleasures of serving with this administration certainly been its forthrightness with the American taxpayer and the citizens of this country. It has not had any trouble articulating what it intends to cut. This is not one of those programs that it intends to abandon.

Senator MELCHER. Thank you, Mr. Meyers.

Mr. MEYERS. Yes, sir.

Senator ANDREWS. Our next witness is from the Office of Technology Assessment, Dr. Larry Miike.

STATEMENT OF LAWRENCE MIIKE, PROJECT DIRECTOR, INDIAN HEALTH STUDY, OFFICE OF TECHNOLOGY ASSESSMENT

Mr. MIIKE. Thank you, Senator.

I see from my position in the testimony that I am either an interlude or a buffer between the administration witnesses and the Indian organizations.

I have submitted my statement for the record.

Our study, which was requested by the House Energy and Commerce Committee and supported by this committee, is currently completed and we are now in the publication process. I hope that it will be available in 1 month and possibly 2.

In 2 days, on Thursday, I will be discussing our report a little further in front of the Subcommittee on Health and Environment of the Energy and Commerce Committee of the House.

I should also say that in the course of our study we did a whole lot of site visits and held four public meetings in Portland, OR; Rapid City, SD; Phoenix, AZ; and Tulsa, OK, as well as visiting literally dozens of reservations to see the diversity of Indian lands and Indian peoples. I can say without hesitation that there is no such thing as a typical Indian around this country and that they vary as much as the general population of the United States does, except for their unique heritage in this country.

Rather than summarizing what would be a fairly detailed report which will be available to you in about a month or so, let me just sort of concentrate on three areas of my statement. One is the current state of health services for Indians and how that's going to be affected by the current budget deficit; resource allocation within the Indian Health Service and how the budget might make this an even more important activity in the next few years; and, again, the impact of all of these changes on Indian self-determination and tribal assumption of health services.

As you may already know, contract service, contracted health care from non-IHS providers, already is about $1 for every $3 spent on direct services. As this committee and the House tried to address the issue of high-cost cases, it's quite obvious that the cost of the external system rises at a much faster rate than the Indian Health Service can pay for it. We give as an example in our testimony simply the increasing rise of the number of high-cost cases in the contract care program that cost $10,000 and more.

From 1983 to 1984 that is about a 40-percent increase from about a little over 500 cases that cost at least $10,000 or more to almost 750. Unless something has drastically changed the severity of these types of cases, it's quite clear that this increase is simply because these things cost more, so that more of them get ratcheted up above the $10,000 level.

If we turn to the direct care system of the IHS, again it seems quite obvious that many of these facilities are old and that they will remain old because of the limitations on the budget process and minimal maintenance and repair that will take place.

I might also indicate the severe personnel problems that the IHS faces, and actually I would like to correct my written testimony in the sense that the National Health Service Corps provides almost 250, rather than 150, of the 650 physicians in the Indian Health Service. As we know, by 1991 this program will be phased out.

New health scholarships for Indians are proposed to be phased out. So even that modest source of personnel for the Indian Health Service will be disappearing. Then there is also the issue of absolute Indian preference and the long-term effect that has on non-Indian personnel in the IHS.

I will say that reallocating resources has been one of the major sticking points among Indians and a very difficult exercise for the Indian Health Service over the past few years.

If this resources reallocation method is used to apply to budget deficits, we're talking about a lot more money than was talked about in the past where we were talking really about a $5 million equity fund or a set-aside. In this case we will be dealing with a lot more money.

There are many activities going on in terms of identifying the population of Indians who actually use the IHS system, and the implications of using the number of actual users in place of potential users has a lot of consequences for the different areas in terms of allocation of resources.

However, we also want to point out that in terms of appropriations, the direct care appropriations and the contract care appropriations are addressed separately. The IHS areas vary quite drastically in the amount of direct service versus contract services. So if one cuts the contract services in an equal proportion to the direct care services, one would be hitting some areas already quite strapped for their contract care funds and purchases from the outside.

Finally, I think there is the whole issue of what is to happen to the Indian self-determination programs in this budget climate. In our visits around the country it borders on anger among many tribes over adequate funding in transfer of these services from the IHS to their control, and the most obvious area that they have been concerned about is in indirect costs. I give as an example the rising malpractice insurance costs, for which tribes who would take over a program must cover their physicians, but for which the Indian Health Service do not have to cover those costs, because their physicians are Federal employees. That's just one example of the kinds of costs that tribes must take on that the Indian Health Service will not have directly in its budget, but which is supported by other divisions of the agency or by Federal immunity laws.

Despite these serious obstacles, the tribes do want to take over more of these functions. I think that one needs to explore further with the tribes how they see that these things can be done to their advantage. I'm encouraged to see that the Indian Health Service is now trying to come up with a formula for indirect costs, however modest that might appear to some tribes. I guess the main issue here is whether that will come from extra appropriations or whether that will be again taken away from direct care services or other essential areas that are already being cut.

With that, let me end my presentation and open myself to some questions.

[Mr. Miike's prepared statement follows:]

TESTIMONY OF LAWRENCE MIIKE
OFFICE OF TECHNOLOGY ASSESSMENT
U.S. CONGRESS
BEFORE THE SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

February 18, 1986

Thank you, Mr. Chairman. I am Dr. Lawrence Miike, senior associate with the Office of Technology Assessment and project director of OTA's assessment of Indian Health Care.

The request for an assessment of Indian health care came from the House Energy and Commerce Committee and its Subcommittee on Health and the Environment, and was supported by this Committee. The study, which was begun in October 1984, was completed in December 1985 and approved by OTA's congressional board in January 1986. It has just entered the publication process and may be available by the end of next month.

Rather than summarizing what that report contains in the time I have before your Committee, let me instead briefly address three issues: 1) the current state of health services for Indians, 2) resource allocation within the Indian Health Service (IHS), and 3) Indian Self-Determination and its application in the health area.

In terms of direct clinical services, the IHS now spends one dollar on purchasing care from non-IHS providers through the contract care program for every three dollars it spends on its own clinics and hospitals. Because of previous budget limitations, much of the care purchased from non-IHS providers and hospitals has already been limited to emergency or urgent care. Furthermore, rising medical costs are making an already bad situation worse. For example, Congress has tried to establish a $12 million revolving fund for high-cost cases in the contract care program, with the special fund to pay for costs that exceed a threshold of from $10,000 to $20,000 per case. In 1983, there were at least 524 cases in the contract care program whose identified costs exceeded $10,000. In 1984, the number of such cases had increased to at least 746, an increase of more than 40 percent in one year. Since there is no reason to believe that cases of severe illness or injury increased dramatically between 1983 and 1984, most of the increase in the number of cases exceeding $10,000 in identified costs must have been due to increased costs, not severity of illness, thereby pushing more cases over the $10,000 threshold.

In the IHS direct care system, the situation is not much better. Many IHS facilities are old, but budget restraints are likely to lead to suspension of facilities construction and only minimal maintenance and repair of existing facilities. Furthermore, in 1985, the IHS estimated that 1,500 health professions positions were unfilled. By 1990, which is just four years away, a major source of physicians for the IHS, the National Health Service Corps, will be phased out. At present, approximately 150 of the 650 physicians in the IHS are NHSC assignees. Moreover, even the future of the PHS Commissioned Corps is in doubt. Health manpower training and scholarship programs are also being phased out, including new grants for Indians, so even this modest future source of personnel may be lost. For non-Indian employees, absolute Indian preference is a serious disincentive to make a career in the IHS.

Attempts to reduce the federal deficit mean that fewer resources will be available to the IHS in the coming years, but this additional limitation on funds for Indian health care will be imposed on a system in which more and more facilities will be deteriorating and understaffed and with a shrinking ability to contract for care not available in IHS facilities.

Fiscal restraints probably mean that efforts at reallocating resources among the IHS areas will take on added importance. Following the Rincon decision upholding a challenge by some California Indians on how IHS distributes its appropriations, a small equity fund has been distributed each year to the most deficient service units, either through additional congressional appropriations or through a set aside by IHS from its total appropriations, and IHS has continued to work on a resource reallocation method. If the reallocation method is used to determine relative budget cuts among the IHS areas instead of using it only when increases in appropriations are available, these cuts could lead to significant shifts among IHS area budgets because of the amount of money that may be involved. If so, then the criteria that have been used to reallocate resources and the criteria now under development need to be more widely distributed and discussed, because past applications of the method have confused and irritated many tribes. There is still controversy on such basic criteria as the number of Indians that are served by each IHS area. If only actual users of the IHS are counted, it may further penalize areas with few resources because of low use due to lack of services. If such a relatively simple criterion as the number of Indians is controversial, how much more difficult will it be to factor in other criteria such as the relative health of Indians in the different IHS areas?

An additional complication of devising a resource reallocation method is the fact that the services available to Indians through the IHS are not at all uniform throughout the 12 IHS areas. The most obvious difference is in the mixture of direct and contract care services that are available to each of the 12 IHS areas, with some areas having no IHS hospitals for inpatient care and who therefore must contract for all such care with non-IHS hospitals. Whether this difference can be factored into any resource reallocation method is questionable, and IHS has not attempted to do so.

Furthermore, appropriations for the contract care program are specified in a separate line item of the IHS clinical services appropriations, and the allocation of contract care funds among IHS's 12 areas does not take into account or compensate for the lack of direct care facilities in some areas. With the IHS facing a period of static or declining budgets, how will the likely reductions be distributed? This is the situation that areas very dependent on contract care fear, because it is easier to cut back on contract care funds than it is to cut back on direct clinical care budgets for facilities and staff. Yet the areas most heavily dependent on contract care are already the ones with the most limited availability of services.

Finally, how will Indian Self-Determination and tribal management of health services be affected by reduced resources? The amount of funds available to tribes who want to manage their own health services has been a major sticking point, with tribes insisting that the amount of indirect or administrative costs that the IHS has been willing to provide would be insufficient to deliver services at the level previously provided by the IHS. Emotions have been so high that one comment we have heard was that the tribes should be entitled to a portion of the salary of the Secretary of Health and Human Services whenever the Secretary thought about Indian health care. The element of truth in this statement is that the IHS budget does not have to account for many types of supportive activities that are provided by other elements of the Department of Health and Human Services or by the Federal government generally. For example, one of the most visible and rapidly rising costs to tribally managed programs is the price of malpractice insurance, which IHS physicians -- and the IHS -- do not have to bear, but which are necessary costs for any tribally administered programs. Furthermore, there are fringe benefits for IHS employees that many tribes have not been able to provide to their employees, the most obvious being a pension system. Thus, employment in Indian-managed facilities may not be attractive to Indian as well as non-Indian health care professionals.

In fiscal year 1984, indirect costs averaged 9.5 percent of total Self-Determination contract awards. The IHS has recently attempted to address the indirect cost issue by proposing that tribes be paid their actual administrative costs up to a maximum of 14 percent of direct costs. But where these funds will come from is still undecided. Will extra appropriations be possible, or will the money come from the direct care portion of IHS's appropriations?

Despite serious funding problems, many tribes remain interested in the objectives of the Self-Determination legislation. In fact, total fiscal year 1984 IHS obligations for tribal contracts and grants amounted to about 30 percent of IHS's clinical services budget, increasing from $32.6 million in 1976, to $142.8 million in 1981, and to $194 million in 1984. Thus, a substantial portion of IHS's budget already is administered through tribal programs, and tribes want to assume responsibility for more.

This increasing tribal involvement in administering programs that have long been controlled by the IHS itself raises a number of issues for the future. First, what will be the role of the IHS as it changes from being primarily a direct provider of services toward being more of a disburser of federal funds, a change it seems to be undergoing now? Tribes have already raised this issue, pointing to unchanged staffing in IHS area offices after many of their functions ostensibly have been transferred to tribal employees. Second, will tribes be more successful than the IHS in recruiting personnel to staff their facilities when they cannot provide the same fringe benefits as the IHS, and there is no job security? Third, what will happen if tribes insist on continuing to provide services directly instead of contracting for services, even when it might be more cost effective to purchase care? Who should prevail if the government decides that purchased care is more efficient, but the tribes counter that Self-Determination is the controlling factor? Finally, more tribes may wish to serve non-Indians as their clinical services become established. Will the IHS support or frustrate these efforts? Will other providers see this activity as competition subsidized by the Federal government? Or will such tribal activities be viewed positively, with Indians contributing to the nation's pool of health resources, particularly in rural America?

In sum, prospects of reduced or static budgets make it even more necesssary for IHS to minimize the deterioration of its direct services system and to be more efficient in purchasing services under contracts with non-IHS sources. These actions will have to take place in a system in which resources are unevenly distributed. Thus, two alternative policies might be crafted: 1) assuring that the disparities already inherent in the system are not increased, or 2) gradually reallocating resources through the budget reduction process to reduce disparities. In addition, the immediate and long-term effects of Indian Self-Determination in the health area have to be considered.

Thank you.

Senator MELCHER [acting chairman]. Dr. Miike, you talk about deterioration of funding. Who has the primary responsibility of providing health care to Indians that don't have any money?

Mr. MIIKE. That is a difficult question for me to answer, but let me try to address it this way: If one tied the obligation of the Federal Government to Indians through the Federal trust obligation, and if there were enough moneys, then I think tribes would be more than happy to see the Indian Health Service as being the primary provider.

But in terms of the budget issue, the Federal Government has to try to use its resources most efficiently. Therefore, its position in the regulations has been that it has been a residual provider to other sources of care or financing sources of care available for Indians.

Senator MELCHER. I didn't ask you whose preference is what. I am just asking, in terms of interest, what is the law?

Mr. MIIKE. The law isn't clear on that, sir.

Senator MELCHER. It isn't? Are you aware of Judge Hatfield's decision?

Mr. MIIKE. I'm sorry, what was that?

Senator MELCHER. Are you aware of Judge Hatfield's decision?

Mr. MIIKE. The *Roosevelt County* case in Montana, do you mean?

Senator MELCHER. Yes.

Mr. MIIKE. Yes.

Senator MELCHER. What did that say?

Mr. MIIKE. It said that the Indian Health Service was the primary provider. However, it did not address the supremacy clause issue. From my quick reading of the case——

Senator MELCHER. The which clause?

Mr. MIIKE. The supremacy clause of the Constitution on whether the relationship between the Federal Government and the Indian Service supersedes that of a State- or county-type program.

Having talked briefly to one of the——

Senator **Melcher**. What did it say, though?

Mr. **Miike**. I am sorry, what?

Senator **Melcher**. Don't tell me what it didn't say. What did it say?

Mr. **Miike**. Judge Hatfield's decision?

Senator **Melcher**. Pardon me?

Mr. **Miike**. Judge Hatfield's decision said that it was a primary provider, but it relied on the explicit language within—first of all, it interpreted previous court cases to say that the Federal trust obligation was such that the Indian Health Service should be the primary provider.

Second of all, it looked at the language of the regulations of both the county and of the IHS and came to the conclusion that, since the county's regulations expressly identified the Indian Health Service as an alternative provider, whereas the Indian Health Service regulations said medicare and medicaid, he therefore found for the county.

However, you get on a very technical point because the Indian Health Service regulations said: "e.g., Medicaid-Medicare." "E.g." usually means "for example." So it then becomes a question of whether it was a clause or an example of a clause.

Senator **Melcher**. It said that the Indian Health Service is primary health provider. That's what it did say. I can read that much of it. I am not going to get into what it did not say. I happen to think it wasn't a very confusing ruling.

What do you think will happen on appeal?

Mr. **Miike**. I think at the present time not much, and that the Indian Health Service will continue its policy——

Senator **Melcher**. No, I mean on appeal.

Mr. **Miike**. My personal opinion is that it will be reversed.

Senator **Melcher**. It will be reversed? I will give you my personal opinion: it will be upheld.

If it were upheld, do you think it would be reversed by the Supreme Court?

Mr. **Miike**. If I thought it would be reversed on appeal, then I would expect that my opinion would still be that it would be reversed in the Supreme Court.

Senator **Melcher**. All right, that is fair enough.

I appreciate your efforts on what happens with the Indian Health Service without much money and your dramatizing the distinctions between when the tribe runs it or the Indian Health Service runs it, but I think we're really at a basic point.

If the *Hatfield* decision stands, I think we're going to be looking at not so much at your report, the report done for OTA, but we're going to be looking at IHS and seeing what this committee is going to do to make sure that IHS lives up to the law I think that will be the issue. I mystified as to why you think the appellate court would reverse that but, nevertheless, we have a difference of opinion there. We'll see if I'm correct and the appellate court holds with *Hatfield,* then what the Supreme Court says. I think that's what this committee is going to have to be looking at from IHS, and I think that is what IHS is going to have to be looking at, because the idea of playing around with this thing and having two different interpretations of who is responsible has to be resolved. When we resolve that, then we march on from there.

Mr. **Miike**. If I remember that opinion correctly, the judge also stated that Congress could address this issue itself.

Senator **Melcher**. Pardon me?

Mr. **Miike**. I understand that the judge also said that it is also up to Congress to decide this issue, besides the courts addressing it.

Senator **Melcher**. Don't put words in Hatfield's mouth. He's not of that nature. I read his findings, and he wasn't putting anything off; he was ruling. That's what we need—somebody to say what the law is, and he did it.

He wasn't basing his decision on indecision; he was basing his decision on the basis of fact that he found in the treaty and in the law. We'll see where it goes from there, but I think that is a primary responsibility of this committee if the appellate court upholds *Hatfield*, or even if they don't and it is appealed to the Supreme Court, what the Supreme Court says on it, and then reshaping IHS based on that.

Thank you very much, doctor.

Mr. **Miike**. Thank you.

[A copy of the court decision in the above *Hatfield* case follows:]

FILED

JAN 27 1986

LOU ALEKSICH, JR. CLERK
BY RENATE WELDELE
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MONTANA

GREAT FALLS DIVISION

PAMELA KELLER McNABB, as Guardian Ad Litem for James McNABB, a minor person,

Plaintiff,

vs.

MARGARET HECKLER, Secretary of the Department of Health and Human Services, her agents, employees and successors; EVERETT R. RHODES, M.D., Director of Indian Health Service; THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES; and the UNITED STATES GOVERNMENT, and J. T. BROWNLEE, as Director of Roosevelt County Department of Public Welfare, his agents, employees and successors; the ROOSEVELT COUNTY DEPARTMENT OF PUBLIC WELFARE; JAMES HALVORSON, AL HARVEY, and AL KASHUBEIN, as County Commissioners of Roosevelt County; the ROOSEVELT COUNTY BOARD OF COMMISSIONERS; and ROOSEVELT COUNTY,

Defendants.

NO. CV-83-051-GF

MEMORANDUM AND ORDER

On December 4, 1981, Pamela Keller McNabb, the non-Indian, common law wife of Raymond McNabb, a Chippewa-Cree Indian, gave birth to James McNabb. At the time of James' birth, which was eight weeks premature, and at the time this action was filed, Pamela and Raymond McNabb resided on the Fort Peck Indian Reservation. Pamela McNabb has applied with both the Indian Health Service ("IHS") and Roosevelt County for payment of the medical bills accrued by herself and son James, who spent considerable time in intensive care. Roosevelt County eventually agreed to pay Pamela's bills. Neither entity has chosen to pay the bills accrued by James. This lawsuit results from the named defendants' refusal to pay those bills. The unique feature to this dispute, however, is that each side refused to pay for the same reason, *i.e.*, because each contends that the other is primarily responsible for payment for the medical services. The federal and county defendants have cross-claimed against each other for summary judgment on the basis that their programs are residual. Plaintiff has taken the position in various comprehensive memoranda that *both* defendants are liable for James' bills, but that the IHS, as the party first approached, should pay. Several Montana counties were allowed to file memoranda as *amicus curiae*. After careful consider of this perplexing issue, the court is prepared to rule..

LIABILITY OF EACH DEFENDANT GROUP

There can be no dispute that Pamela and James McNabb, as residents of Roosevelt County, and indigent within the meaning of Title 53, Chapter 3, Montana Code Annotated, are eligible, under Montana's general relief laws, for county medical assistance from defendant county. Roosevelt County does not seriously contest this, but instead predicates its position upon the assertion that its responsibility is merely secondary or residual to IHS. Having concluded that the county would ordinarily be responsible for these expenses, the court deems extended discussion unnecessary.

The federal defendants concede, as they must, that "the child, James McNabb, is an Indian eligible for health services from the Indian Health Services (IHS)." (Federal Defendants' brief in support of motion for summary judgment, filed April 13, 1984, at p.1). In this case, the relevant services consist of IHS contract health care services. 42 C.F.R. §§36.21 et seq. IHS refuses payment on the grounds that Roosevelt County is primarily responsible, and that IHS' liability is merely residual. Thus we are faced with the unusual dilemma where an individual is apparently eligible for benefits under two programs yet serviced by neither.

This case presents the court with two unfortunate realities. First, both parties to this action are having considerable difficulty making their obviously finite financial resources meet the needs of their respective constituencies. The decision in this case can only darken an already bleak economic picture for one of the defendants. Second, there is a paucity of case law squarely on point. The court is confident, however, that the result achieved herein is most consonant with the relevant statutes and cases, viewed in conjunction with the history of our government's involvement in Indian affairs.

RESIDUALITY CLAIMS

The basis for Roosevelt County's assertion that it is merely secondarily responsible for James McNabb's medical bills is Montana administrative rule §46.9.509, A.R.M. That regulation states, in part:

> Medical Resources: (1) County medical programs are to be considered only after all other medical assistance resources have been determined and, where available, used. Resources include but are not limited to:
>
> (a) medical assistance (medicaid);
> (b) Indian health services;....

The federal defendants claim that this rule was repealed prior to the date when Roosevelt County decided to refuse payment of the contested charges. The record reflects that the effective date of repeal was August 13, 1982, that the County's initial decision to deny coverage was made in February, 1982, but further, that this decision was reconsidered during a period subsequent to repeal.

Additionally, the federal group contends that the County is liable because, not having promulgated a state approved county medical assistance plan, said county was required to use Montana's Medicaid eligibility rules, which disallow consideration of IHS as a prior resource. Consideration of these contentions is unnecessary, because the court accepts the premise that Roosevelt County, under different circumstances, would be responsible for payment.

IHS relies on the so-called "alternate resource" rule, 42 C.F.R. §36.23(f), which provides:

> (f) Alternate resources. Contract health services will not be authorized by the Indian Health Service when, and to the extent that, alternate resources for the provision of necessary medical services are available and accessible to the individual requesting the services or would be available and accessible upon application of the individual to the alternate resource.

Alternate resources are defined as:

> ...resources other than those of the Indian Health Service contract health services program, available and accessible to the individual, such as health care providers and institutions (including facilities operated by the Indian Health Service), health care payment sources, or other health care programs for the provision of health services (e.g., medicare or medicaid) for which the individual may be eligible.

Absent the availability of alternate resources, therefore, IHS is responsible for providing medical care and or payment.

Plaintiff's frustration is understandable. Neither defendant can deny responsibility, but neither will accept it. Plaintiff's position, which this court deems entirely reasonable, is that "available and accessible" (federal regulation) and "available" (state regulation) mean actually available. She cites several cases, dealing with various public entitlement programs, which support her view. In Shea v. Vialpando, 416 U.S. 251, 94 S.Ct. 1646 (1974), the Court invalidated a state regulation which failed to consider actual work expenses in computing AFDC benefits, because that regulation merely presumed expenses of $30 per month. In Van Lare v. Hurley, 421 U.S. 338, 95 S.Ct. 1741 (1975), also an AFDC case, the Court struck down New York's "lodger" regulations, because "they are based on the assumption that the non-paying lodger is contributing to the welfare household, without inquiry into whether he in fact does so." 420 U.S. at 346. A similar regulation was found objectionable in Lewis v. Martin, 397 U.S. 552, 90 S.Ct. 1282 (1970); there, the Court held that a step parent could not be considered a bread winner "..unless bread is actually put on the table." 397 U.S. at 599. See also, Heckler v. Turner, ___ U.S. ___, 105 S.Ct. 1138 (1985).

Research into recent decisions brought this court's attention to the Ninth Circuit holding in Schrader v. Idaho Dept. of Health and Welfare, 768 F.2d 1107 (9th Cir. 1985), which considered whether real property should be counted as an available resource in computing AFDC benefits. The Circuit Court reversed the decision of the district court, and remanded the matter for consideration of an Idaho regulation which, the court found, failed to adequately weigh whether certain non-liquid assets were reasonably available to the needy family. For present purposes, one aspect of the opinion is especially instructive. The Circuit Court was quite careful to emphasize that it was not attempting to encourage malingering, or to reward AFDC recipients who were not attempting in good faith to find a reasonable market, and price, for their real property. 768 F.2d at 1115. The court merely felt that an assessment of "availability" required some inquiry into the realities of the particular situation. The same can be said here. The record provides ample evidence that Pamela McNabb made considerable effort to obtain medical assistance payments from two parties with statutory responsibility to help her. She went initially, as the mother of an Indian child, to IHS. They sent her "across the street." She went to the County, and they told her to look to IHS. Neither entity discharged its duty. However, in view of the federal government's "unique obligation toward Indians," Morton v.

Mancari, 417 U.S. 535, 555 (1974), discussed infra, IHS' initial handling of Pamela McNabb, and steadfast refusal to pay her bills, continuing to date, cannot be upheld.

TRUST RELATIONSHIP

This court need not present a treatise on the existence of, or duties arising from, the trust relationship existing between the federal government and the Indian people of this nation. That unique and important relationship exists, and has been recognized at least since the opinion of Chief Justice Marshall in Cherokee Nation v. Georgia, 30 U.S. (5 Pet.) 1 (1831), to the effect that the relationship of the Indian people and the United States "resembles that of a ward to his guardian." Subsequent decisions in Worcester v. Georgia, 31 U.S. (6 Pet.) 515 (1832) and United States v. Kagama, 118 U.S. 375 (1886), were to the same effect. Though Congressional interest and action in the area of Indian health was slow to progress, several legislative enactments over the years have addressed their health needs. See, Cohen, HANDBOOK OF FEDERAL INDIAN LAW, pp. 696-97. Prompted by the sobering results of several surveys, President Taft sent a special message to Congress concerning the "deplorable health and sanitary conditions on reservations." Cohen, at 697, citing S. Tyler, A History of Indian Policy 107 (Wash.: Gov't Printing Office, 1973). One result was the Snyder Act of 1921, 25 U.S.C. §§13, et seq. (as amended), setting aside funds for "the relief of distress and conservation of health" of Indians. Though the Snyder Act provides statutory authority for the IHS program, the federal defendants take strong exception with the view that this legislation establishes Indian health care as the sole responsibility of the federal government.

This court agrees that neither the Snyder Act nor the federal government's historical involvement with general Indian welfare totally relieves the various reservation states of responsibility for Indians' well being. The express language of Snyder, however, cannot be ignored. In arguing that the Indian Health Care Improvement Act of 1976 ("IHCIA"), discussed infra, did not supersede Snyder, the federal group maintains that "the Snyder Act is still the basic Indian Health Service authority." They cite to the House of Representatives' report of April 9, 1976, which states that the Snyder phrase "for the relief of distress and conservation of the health of Indians" remains "the basic legislative statement of the Federal Government's obligation to provide health services to Indians." Regardless of whether or not passage of IHCIA was intended to undermine the importance of the Snyder Act, this language from Snyder hardly condones or ratifies the federal government's treatment of Pamela McNabb. It is not necessary that this court adopt the holding of Bullchild v. Mathews, No. C75-606V (W.D. Wash. 1981), to the effect that the Snyder Act and related regulations create an entitlement on the part of Indians to contract health care. Amicus persuasively argues this position, but this court need not adopt it when fashioning the relief ordered below. Instead, the importance of Snyder results from two related observations. First, as the Ninth Circuit held more than ten years ago, the Snyder Act was enacted out of the federal government's "overriding duty of fairness when dealing with Indians, one founded upon a relationship of trust for the benefit of" Indian persons. Fox v. Morton, 505 F.2d 254, 255 (9th Cir. 1974), citing, Seminole Nation v. United States, 316 U.S. 286, 62 S.Ct. 1049 (1942). As such, the Snyder Act programs must be "liberally construed in their [Indians] favor." Fox, 505 F.2d at 255. Fox therefore undermines any argument that the federal trust responsibility to Indians arises only where Indian property held in trust by the federal government is at issue. Second, the court believes that while Snyder may not, in itself, create an entitlement in favor of Indians, it cannot be viewed in isolation from the trust responsibility. Accordingly, consideration of Snyder, IHCIA, and the facts of this case must be performed against the background of the federal government's pervasive involvement in Indian affairs.

In the well reasoned and lengthy opinion of White v. Califano, 437 F.Supp. 543 (D. So.Dak. 1977), aff'd., 581 F.2d 697 (8th Cir. 1978), the district court did not reject a Snyder/entitlement analysis, but instead relied on IHCIA, because the 1976 enactment was more recent, and "on point." 436 F.Supp. at 558. Briefly, White presented the question of whether local government coffers or federal programs would be tapped in supplying emergency mental health care for a seriously ill reservation Indian. The court concluded, inter alia, that state and county officials lacked the authority to involuntarily commit an allegedly mentally ill Indian person residing on a reservation. The federal defendants in the case sub judice attempt tc distinguish White from the case at bar on the basis of this first conclusion. All of the other parties to this action, however, urge a complete reading of White. Indeed, the court believes that the real importance of White lies in its extended discussion of the federal government's trust responsibility to Indians. Further, this court believes that the trust analysis employed in White was equally responsible for the result reached therein, to be accorded equal footing with the court's conclusion that local governments had no authority to involuntarily commit mentally ill Indian persons.

The South Dakota court began by citing portions of IHCIA, which provide:

> The Congress finds that--
>
> (a) Federal health services to maintain and improve the health of the Indians are

> consonant with and required by the Federal Government's historical and unique legal relationship with, and resulting responsibility to, the American Indian people. (Emphasis ours.)
>
> (b) A major national goal of the United States is to provide the quantity and quality of health services which will permit the health status of Indians to be raised to the highest possible level and to encourage the maximum participation of Indians in the planning and management of those services. 25 U.S.C. §1601.

IHCIA further provides:

> The Congress hereby declares that it is the policy of this Nation, in fulfillment of its special responsibilities and legal obligations to the American Indian people, to meet the national goal of providing the highest possible health status to Indians and to provide existing Indian health services with all resources necessary to effect that policy. 25 U.S.C. §1602.

After finding that the above-quoted language "is the latest statement of Congress on the trust responsibility of the federal government in relation to Indian tribes in the area of health services," the court found a duty to act on the part of the federal parties, emanating from that trust responsibility "as recognized and defined by statute." 436 F.Supp. at 556-57.

Plaintiff embraces the holding in White, and bolsters her position through an impressive discussion of the legislative history underlying IHCIA. Reports and hearing testimony repeatedly refer to IHS as the "primary" provider of Indian health care. Section (g) of IHCIA (25 U.S.C. §1601(g)) indicates that improved federal Indian health services will foster Indians' confidence in those services, which will result in "better Indian health." Health care was described as the "cornerstone" for all other federal programs benefitting Indians. Finally, plaintiff points out that the residuality regulation (42 C.F.R. §36.21(a)) itself specifically refers to Medicare and Medicaid as possible "alternate resources," with no mention of state or local programs. This specific reference to other federal programs lends credence to the view that the federal government has taken the ultimate responsibility for Indian health care upon itself, and that this responsibility cannot be sidestepped in the manner attempted here.

Therefore, this court does not find in the trust doctrine, the Snyder Act, or IHCIA, standing alone, an entitlement in favor of Indian persons to health care dollars. It does find, however, that those statutes, read in conjunction with the trust doctrine, place the burden, in the first instance, upon the IHS programs to assure reasonable health care for eligible members. This is particularly true where, as here, the federal program was approached initially. As Judge Bogue so succinctly stated in White, the question simply becomes whether the federal defendants can abandon the plaintiff entirely. There, given its set of facts, the court found that an individual requiring an involuntary commitment could not be abandoned. Though a mental commitment and resulting jurisdictional impediments are not involved here, the principle remains the same. The policies underlying the trust doctrine, and the holdings in White and Bullchild, coupled with the clear intention of Congress to provide "the highest possible health status to Indians," as manifested by Snyder and IHCIA, mandate that the federal defendants cannot abandon Pamela McNabb either.

The court acknowledges that this is a difficult issue with no simple answers. Finite resources are involved. The difficult issues inherent in the field of Indian law arise. The result achieved herein best comports with the state of the law as it exists today, shaped by the federal government's many years of dealing in Indian affairs. The better avenue for resolution of disputes of the type presented here rests with the legislative branch. This court can only interpret the limited legislative enactments and statements of Congressional intent available to it. Congress could quickly resolve a question which this court has wrestled with for many months. Unless and until it does so, the ultimate responsibility for this eventuality rests with the federal government, which is also the only entity which can itself solve the problem.

Accordingly, for the foregoing reasons, IT IS HEREBY ORDERED AND ADJUDGED that the federal defendants' motion for summary judgment is DENIED, a similar motion filed by the county defendants is GRANTED, and judgment shall be entered to the effect that the Indian Health Service shall pay the relevant medical bills incurred by James McNabb from its contract care allocation. The question of attorneys' fees shall be considered upon motion by plaintiff.

DATED this 27th day of January, 1986.

PAUL G. HATFIELD
UNITED STATES DISTRICT JUDGE

JAN [illegible]

IN CIVIL DOCKET
JAN 2 7 1986

AO 450 (Rev. 5/85) Judgment in a Civil Case

LOU ALEKSICH, JR. CLERK
RENATE WELDELE
Deputy

United States District Court

DISTRICT OF MONTANA, GREAT FALLS DIVISION

PAMELA KELLER McNABB, as Guardina Ad Litem
for James McNabb, a minor person,
V.
MARGARET HECKLER, Secretary of the
Department of Health and Human Services,
her agents, employees and successors; et al

JUDGMENT IN A CIVIL CASE

CASE NUMBER: CV-83-51-GF

☐ **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

☒ **Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that the federal defendants' motion for summary judgment is DENIED, a similar motion filed by the county defendants is GRANTED, and judgment shall be entered to the effect that the Indian Health Service shall pay the relevant medical bills incurred by James McNabb from its contract care allocation. The question of attorneys' fees shall be considered upon motion by plaintiff.

January 27, 1986
Date

LOU ALEKSICH, JR.
Clerk

RENATE WELDELE
(By) Deputy Clerk

COURT SEAL

FILED, ENTERED & NOTED
IN CIVIL JUDGMENT BOOK
Volume 16, Page 13

Senator MELCHER. The next witnesses are a panel from the Federation of Alaska Natives: Julie Kitka, special assistant to the president at Anchorage, AK, accompanied by Spud Williams, president of Tanama Chiefs Conference, Fairbanks; Robert Clark, administrator of Bristol Bay Health Corp., Dillingham; and Carl Jack, representative of the Association of Village Council Presidents from Bethel.

Welcome to the committee.

STATEMENT OF JULIE KITKA, SPECIAL ASSISTANT TO THE PRESIDENT, ALASKA FEDERATION OF NATIVES, ANCHORAGE, AK, ACCOMPANIED BY SPUD WILLIAMS, PRESIDENT, TANANA CHIEFS CONFERENCE, FAIRBANKS, AK; ROBERT CLARK, ADMINISTRATOR, BRISTOL BAY HEALTH CORP., DILLINGHAM, AK; CARL JACK, REPRESENTATIVE, ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS, BETHEL, AK; AND SUSIE ERLICH, CHAIRMAN, MINEOK ASSOCIATION, KOTZEBUE, AK

Ms. KITKA. Good morning.

My name is Julie Kitka and I am the special assistant to the president of the Alaska Federation of Natives.

I would like to express our appreciation for this opportunity to testify before this committee on the proposed budget cuts on the Bureau of Indian Affairs and the Indian Health Service.

Before I begin, I would like to identify two major problems that we have encountered in attempting to analyze the proposed cutbacks. The first problem was the lack of specificity of budget data which was available to Indian tribes and native organizations. The second problem was the injection of new categories which frustrated the comparison of 1986 and prior year budgets with the current budgets we are considering. As the administration has stated, the comparisons are generally meaningless because of the new categories.

Now that I have identified the two major restraints which really did hamper our consideration of the budget requests, let me begin with our testimony.

In addition to the 4.3-percent Gramm-Rudman assessment for fiscal year 1986, Alaska Natives are singled out by OMB, the President, and the Department of the Interior for a reduction in the Bureau of Indian Affairs' budget of approximately $12,382,000 for fiscal year 1987. This is 36 percent of our total adjusted budget for fiscal year 1986. This alternative was chosen by the administration to basically reprogram total Bureau funds. This approach is totally opposed by Alaskan natives. We urge the Congress to reject this proposal.

The President's stated his rationale in his budget message to the Congress; the Department stated its rationale in its release dated February 5, 1986. Our interpretation is that it is termination language.

The United States Congress must reject this termination language. ANCSA—Alaska Native Claims Settlement Act—is a novel experiment, that is, in fact, being used by this administration to terminate and assimilate Alaska Natives.

Two of the reasons that we feel we are being singled out for such a large cut of $12.4 million has to do with two fundamental misconceptions by OMB and the administration. The first misconception is that the special relationship between Alaska Natives and the Federal Government was terminated with the passage of the Alaska Native Claims Settlement Act of 1971; and the second misconception is that the State of Alaska will meet the special needs of Alaskan Natives. These two misconceptions are absolutely wrong. I would like to take a few minutes to explain. In all our reading of material from OMB and the Department these are the two areas which they seem to repeat over and over again.

As far as the special relationship of Alaska Natives and the Federal Government. As most of you know, Alaska was unique in the history of the United States' treatment of aboriginal land claims. Very clearly, it was a land settlement and only a land settlement. It did not in any way change the status of tribal governments and self-determination, nor did it in any way reduce the Federal Government's trust responsibility to Alaska Natives.

We thought that the settlement act would give us tools to participate in the economic development of the State, and it did, but we also thought that it would significantly improve the employment prospects, health and social aspects, and general well being of Alaska Natives on a broad scale. That it has not done.

The changes that have occurred in native villages such as better health programs, water and sewage systems, local schools, access to television and communications, in general, for the most part are the result of Federal programs and also the result of oil revenue coming to the State of Alaska, not from the Alaska Native Claims Settlement Act.

Let me reiterate: There's a lot of discussion going on right now concerning the effect of the Alaska Native Claims Settlement Act on our tribal status and the special relationship between the United States and Alaska Natives.

It has always been our belief that ANCSA was basically a real estate sale. Alaska Natives were not given anything. The 44 million acres of land in the act is a residual land base, what was left over from what we gave up.

All of the negotiations between Congress and the Alaska Natives during the late sixties and early seventies concerning the settlement in no way affected the special relationship between Alaska Natives and the Federal Government, nor did it repeal or in any way alter traditional tribal rights of self-government which rests with native communities and which predate ANCSA, the State of Alaska, and the United States. Whether those rights to self-determination in our communities are asserted through traditional village councils or IRA's, the point is they did survive the Alaska Native Claims Settlement Act.

Let me briefly explain the second misconception that we feel is being used against us—and that is the role of the State of Alaska in meeting the special needs of Alaska Natives.

Basically, the administration states that:

> The State of Alaska . . . is comparatively wealthy and has regularly distributed State budget surpluses to its residents. . . . Natives are a political force in Alaska with a voice in State affairs that far exceeds Indian influence in the lower 48 States.

Basically, these are the reasons given for the proposed adjustment in the role of BIA in Alaska. In reference to these statements, I would like to make several points.

Alaska Natives make up less than 15 percent of the total population of the State of Alaska. Our population percentage is gradually decreasing as influxes of people from other States are coming into the State of Alaska. We have been mildly successful in working with the State of Alaska, but this relative success is short-lived for several reasons.

The first has to do with the downward spiral in our State resources due to oil prices and production. The State is not going to be capable of meeting the special needs, even the basic needs, of Alaska Natives in their 200-plus remote communities.

The second reason has to do with political reapportionment. The 1990 census reapportionment which will take place in Alaska will concentrate our State government, our legislative process, in the hands of our most urban area, the city of Anchorage. This will, in our view, freeze the 200-plus villages in the remote areas of the State out of the legislative and appropriation process. This is a really serious situation, if you also take into account the declining oil revenues. All of this is impacting at basically the same timeframe.

Right now I would like to address a couple of points on the Bureau of Indian Affairs' budget. Basically, like I mentioned earlier, the $12.4 million reduction for Alaska programs will be felt throughout the State of Alaska, and areas that will be affected the most will be small rural communities.

Alaska Natives contract for over 85 percent of all Bureau funds, that are available to contract, under Public Law 93-638. Our small communities that contract under Public Law 93-638 will, in fact, have to retrocede their contracts back because the amount of money that is going to be available to them will not be enough to run the programs.

I have given in our written testimony four concrete examples of communities which will, in our best estimate, have to retrocede their contracts back. This flies completely in the face of the administration's proposal that the way they have structured the budget will, in fact, give more tribal control to the resources in the Bureau.

The next area I would like to cover on the BIA budget has to do with the specific category of education. The proposed 1987 budget includes a 31-percent reduction in college student assistance or scholarships and 100-percent reduction in adult education.

The $1.5 million cut in education hurts Alaska Natives at the time when we need educated Alaska natives more than ever. These reductions will affect all 638 contracts or 87 percent of the current program that is contracted.

The scholarship reduction will eliminate 370 Alaska Native students from going to college, and only 750 students will be able to receive scholarships.

The significance of that is when you take a look at the Alaska Native population—we have only 3.5 percent of our population who have completed college—compared to 7.7 percent of the native

American national average and compared to 17.1 percent nationwide.

If you take a look at that percentage of Alaska Natives in our own State, it is even more clear why we basically fall out of a lot of economic opportunities in the State. Alaska has a highly educated population, above the national average—24.4 percent of the population has college degrees. So you compare the Alaska Natives to 3.5 or less than half of native Americans nationwide. It is absolutely critical that the money has to be restored as far as scholarships and adult education.

In our testimony we have also included the 1980 census on the educational attainment of Alaska Natives, which basically, if you take a few minutes to study that census document—it is a 1-page document—will outline the need for adult education. It is very, very clear.

Like I said, the proposed spending reduction is 31 percent for scholarships and 100 percent for adult education. We urge the Congress to reject this proposed budget cut.

The next thing I want to comment specifically on is funding for the implementation of the Indian Child Welfare Act in Alaska. The tentative funding for the Indian Child Welfare Act is $710,000. The proposed reduction is 100 percent.

Approximately 90 percent of the civil litigation in the State of Alaska between Alaska Natives and the State involves child custody. By "child custody" we do not mean divorce situations. Rather, we are talking about forced removal of Native children from their families and the communities by the State.

If this committee will look at the intent of the Indian Child Welfare Act, the intent was to try to allow communities and tribes the right to intervene in child custody cases and, in fact, to allow tribes to develop foster care homes and programs in order to keep their kids in their community.

This reduction of 100 percent in funding for implementing the Indian Child Welfare Act will have a negative impact on Native communities in Alaska—their opportunities to learn about their rights under the Indian Child Welfare Act and also for devising solutions to the forced removal of their children from their communities.

The third point I wanted to bring up, just as an example, in the Bureau of Indian Affairs' budget has to do with cadastral surveys. You heard the administration earlier today talk about an increase in the budget of $2.5 million in cadastral surveys. Last year's budget had no funding for cadastral surveys in the Bureau of Indian Affairs' budget. AFN is not opposed to this funding being in BIA's budget. In fact, we strongly feel that the surveying of Native allotments in Alaska are the key to land issues in Alaska and must be resolved before the final conveyance process can be achieved by other landowners.

Our objection in taking a look at that in the BIA budget is in dealing with the survey problem in the Bureau, at the expense of education, social services, and other programs. We do not feel that the Cadastral Survey Program is the No. 1 priority. We do feel it is important. We don't want it pulled out of the budget, but it is like mixing apples and oranges to have that in the budget and be decreasing 100 percent of a lot of programs and 51 percent of other programs.

We urge this committee and Congress to reject the $12.4 million reduction and devise a fair and equitable budget.

The next category I just wanted to cover briefly before other members that are after this panel will be making comments, is the Indian Health Service. This last section of my testimony will focus a little bit on the impacts of the recent actions proposed by the administration.

The impact on Alaska for the IHS budget for fiscal year 1986 will be less than the impact on the BIA budget. We are pleased that Congress limited the IHS's budget reduction to 1 percent of the funds provided for in the final continuing resolution for fiscal year 1986 and has limited cuts in further years.

Our review of the budget under consideration indicates the greatest threat to IHS activities arise from the administration's proposed massive rescission which evades the limitations proposed by Gramm-Rudman. Preliminary figures, which you can go into detail and which is in our testimony, indicate that it will be approximately $12.8 million in Alaska's IHS budget which will be eliminated due to rescissions, plus an approximate $1.8 million due to Gramm-Rudman.

We take great exception to the administration's position earlier today that the budget request, including the proposed rescission, will permit IHS to maintain its current level of health services. That is not true.

It is our feeling that if Congress should not agree to further cuts in Indian Health Service. Congress should alleviate the concerns with rescission and the problem of current year funding, which will be frozen, pending the outcome of the rescission proposal, by rejecting the rescission quickly. Anything less will make a mockery of deliberations which led to the exemption in the Gramm-Rudman for the Indian Health Service.

It is important for you Members of Congress to be aware of the real-life impacts of your decisions. The environment in which Alaska Natives find themselves is changing so rapidly that it is impossible to weigh the importance of different potential factors which may affect the health and welfare of Alaska Native populations.

A recent health study indicates that 85 percent of the serious illness and deaths in rural Alaskan communities is attributable to incidents which are preventable.

We would like to urge the committee, when it focuses its deliberations on the IHS budget, to focus on continuing the current level of the services and including the strong component of preventative services. Our most recent study of rural health issues indicates 85 percent is attributable to preventative incidents.

With that, I would like to conclude my testimony and introduce Spud Williams from the Tanana Chiefs Conference.

[Ms. Kitka's prepared statement, on behalf of the Alaska Federation of Natives, follows:]

ALASKA FEDERATION
OF NATIVES, INC.
411 W. 4th Avenue, Suite 301 • Anchorage, Alaska 99501 • Phone 907-274-3611

GOOD MORNING. MY NAME IS JULIE KITKA. I AM THE SPECIAL ASSISTANT TO THE PRESIDENT OF THE ALASKA FEDERATION OF NATIVES. THE BOARD OF DIRECTORS OF AFN IS COMPOSED OF A REPRESENTATIVE OF EACH OF THE THIRTEEN NATIVE REGIONAL CORPORATIONS FORMED UNDER THE ALASKA NATIVE CLAIMS SETTLEMENT ACT - A REPRESENTATIVE OF EACH OF THE TWELVE NATIVE REGIONAL NON-PROFIT ASSOCIATIONS AND TWELVE REPRESENTATIVES OF IRA COUNCILS AND OTHER VILLAGE ORGANIZATIONS.

ON BEHALF OF AFN, I WOULD LIKE TO EXPRESS OUR APPRECIATION FOR THE OPPORTUNITY TO TESTIFY THIS MORNING ON THE PROPOSED FEDERAL BUDGET CUTS FOR THE BUREAU OF INDIAN AFFAIRS AND THE INDIAN HEALTH SERVICE.

BEFORE I BEGIN, I WOULD LIKE TO IDENTIFY TWO MAJOR PROBLEMS WE HAVE ENCOUNTERED IN ATTEMPTING TO ANALYZE THE PROPOSED CUT-BACKS. THE FIRST PROBLEM WAS THE LACK OF SPECIFICITY OF BUDGET DATA WHICH IS AVAILABLE TO NATIVE TRIBES AND ORGANIZATIONS. THE SECOND PROBLEM WAS THE INJECTION OF NEW CATEGORIES WHICH FRUSTRATED THE COMPARISON BETWEEN INDIVIDUAL LINE ITEMS IN THE 1987 BUDGET REQUEST AND THOSE IN THE 1986 APPROPRIATION. AS THE ADMINISTRATION HAS STATED, THE COMPARISONS ARE GENERALLY MEANINGLESS BECAUSE OF THE NEW CATEGORIES.

Integrity. Pride in Heritage. Progress

NOW THAT I HAVE IDENTIFIED THE TWO MAJOR RESTRAINTS WE HAVE ENCOUNTERED IN TRYING TO UNDERSTAND WHAT IS BEING PROPOSED - LET ME BEGIN.

IN ADDITION TO THE 4.3% GRAMM-RUDMAN ACT ASSESSMENT FOR FY86, ALASKA NATIVES ARE SINGLED OUT BY OMB, THE PRESIDENT, AND THE DEPARTMENT OF INTERIOR FOR A REDUCTION OF $12,382,000 FOR FY87. THIS $12,382,000 IS 36% OF OUR TOTAL ADJUSTED BUDGET FOR FY86. THIS ALTERNATIVE CHOSEN BY THE DEPARTMENT OF INTERIOR TO ADMINISTRATIVELY REPROGRAM TOTAL BUREAU FUNDS IS STRONGLY OPPOSED BY ALASKA NATIVES. WE URGE THE CONGRESS TO REJECT THIS PROPOSAL.

THE PRESIDENT'S RATIONALE FOR THE REDUCTION IS STATED IN HIS FY87 BUDGET TO THE CONGRESS WHICH READS:

> " The largest reduction is for 12.4 million for financial support of programs in Alaska where several activities are being reduced or eliminated. This reduction will be partially offset by an increase of 2.5 million to accelerate surveys of Alaska Native allotments. Given the improvement in Native economic status due to ANCSA, the absence of land holdings that the US has statutory responsibility to manage and the absence of any treaty rights to be protected, the administration believes that Alaska Natives no longer require the level of financial support that the federal government provided in the past. In the recent past, the State has taken on greater responsibility for serving Alaska Natives with education and welfare assistance programs. Moreover Alaska has only one reservation. Over 30% of Alaska Natives live in urban areas and the remainder in villages which are or can be included under Alaska state law."

THE DEPARTMENT OF INTERIOR'S RATIONALE FOR THE REDUCTION IS STATED IN IT'S RELEASE, DATED FEBRUARY 5, 1986 WHICH STATES:

> " Because of the implementation of the ANCSA and the assumption by the State of greater responsibility for education and welfare programs, previous levels of federal financial support for Alaska Natives are no longer considered necessary. "

THE UNITED STATES CONGRESS MUST REJECT THIS TERMINATION LANGUAGE. WE FEEL THE NOVEL EXPERIMENT WITH THE ALASKA NATIVE CLAIMS SETTLEMENT ACT IS BEING USED TO TERMINATE AND ASSIMILATE ALASKA NATIVES.

THE REASON ALASKA NATIVES ARE SINGLED OUT FOR SUCH A LARGE FEDERAL CUT OF $12.4 MILLION HAS TO DO WITH TWO FUNDAMENTAL MISCONCEPTIONS BY OMB AND THE ADMINISTRATION. THE TWO MISCONCEPTIONS ARE THAT: 1) THE SPECIAL RELATIONSHIP BETWEEN ALASKA NATIVES AND THE FEDERAL GOVERNMENT WAS TERMINATED WITH THE PASSAGE OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT OF 1971; AND 2) THE ROLE OF THE STATE OF ALASKA IN MEETING THE SPECIAL NEEDS OF ALASKA NATIVES. THESE PERCEPTIONS ARE ABSOLUTELY WRONG. LET ME EXPLAIN.

SPECIAL RELATIONSHIP BETWEEN ALASKA NATIVES AND THE FEDERAL GOVERNMENT

AS MOST OF YOU KNOW, ANCSA WAS UNIQUE IN THE HISTORY OF THE UNITED STATES' TREATMENT OF ABORIGINAL LAND CLAIMS. INSTEAD OF ESTABLISHING RESERVATIONS, THE CONGRESS DECIDED TO USE A CORPORATE STRUCTURE TO IMPLEMENT THE SETTLEMENT. STATE-CHARTERED BUSINESS CORPORATIONS - 13 AT THE REGIONAL LEVEL AND SOME 200 AT THE VILLAGE LEVEL - WERE FORMED TO OWN AND MANAGE THE LAND AND MONEY RECEIVED UNDER THE SETTLEMENT ON BEHALF OF THEIR NATIVE SHAREHOLDERS.

IF YOU GO BACK AND TALK TO NATIVE LEADERS WHO WERE ACTIVE IN FIGHTING FOR THE SETTLEMENT, IF YOU LOOK AT THE TESTIMONY PRESENTED DURING THE 1960'S AND EARLY 1970'S, IT IS PRETTY CLEAR THAT ALASKA NATIVES HAD GREAT EXPECTATIONS ABOUT WHAT THE SETTLEMENT WOULD ACCOMPLISH.

VERY CLEARLY IT WAS A LAND SETTLEMENT AND ONLY A LAND SETTLEMENT. IT DID NOT, IN ANY WAY, CHANGE THE STATUS OF TRIBAL GOVERNMENT AND SELF-DETERMINATION. NOR DID IT IN ANY WAY REDUCE THE FEDERAL GOVERNMENT'S TRUST RESPONSIBILITY TO ALASKA NATIVES.

YET WE DID HAVE EXPECTATIONS. WE THOUGHT THE SETTLEMENT ACT WOULD GIVE US THE TOOLS TO PARTICIPATE IN THE ECONOMIC DEVELOPMENT OF THE STATE. AND IT DID. BUT WE ALSO THOUGHT IT WOULD SIGNIFICANTLY IMPROVE THE EMPLOYMENT PROSPECTS AND GENERAL WELL-BEING OF ALASKA NATIVES ON A BROAD SCALE. THAT, IT HAS NOT DONE.

WE THOUGHT ANCSA WOULD CURE SOCIAL PROBLEMS AND HEALTH PROBLEMS; THAT IT WOULD PAVE THE WAY FOR EDUCATING OUR PEOPLE, WHILE STILL PERPETUATING TRADITIONAL VALUES AND CUSTOMS WHICH ENABLED OUR ANCESTORS TO SURVIVE FOR CENTURIES IN LAND THAT TO MOST PEOPLE WAS HARSH AND FORBIDDING. THAT, ANCSA HAS NOT DONE.

THE SETTLEMENT HAS NOT - AND BY IT'S VERY NATURE, COULD NOT - MAKE A MEANINGFUL DIFFERENCE IN THE LIVES OF MOST ALASKA NATIVES, ESPECIALLY RURAL NATIVES.

ONE OF THE REASONS WHY IT HAS NOT - MOST OF THE VILLAGE CORPORATIONS RECEIVED NEITHER SUFFICIENT FUNDS NOR TECHNICAL ASSISTANCE TO DEVELOP FULL-SCALE LOCAL ECONOMIES.

CORPORATIONS ARE NOT, AND CANNOT BE THE SOURCE OF MEETING EVERY NEED. THE CHANGES THAT HAVE OCCURRED IN NATIVE VILLAGES - BETTER HEALTH PROGRAMS, WATER AND SEWER SYSTEMS, LOCAL SCHOOLS, ACCESS TO TELEVISION AND COMMUNICATIONS, IN GENERAL, ARE, FOR THE MOST PART, THE RESULT OF OIL REVENUE COMING TO THE STATE OF ALASKA - NOT ANCSA.

DESPITE THE PERHAPS NAIVE EXPECTATIONS WE MAY HAVE HAD ABOUT WHAT ANCSA WOULD DO FOR US, AS A PEOPLE, IT WAS VERY CLEAR THEN, AND IT IS VERY CLEAR NOW, THAT IT WAS NOT A TERMINATION ACT. IT IS VERY CLEAR THAT TERMINATION MUST NOT HAPPEN AND ANY ATTEMPTS TO MAKE IT HAPPEN MUST BE CHALLENGED ON THE BASIS OF THE HISTORICAL RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND NATIVE PEOPLE, AND THE CONTINUING RESPONSIBILITY THAT THE FEDERAL GOVERNMENT BEARS.

THE TRUST RESPONSIBILITY OF THE FEDERAL GOVERNMENT TO AMERICAN INDIANS AND ALASKA NATIVES WILL NOT AND CAN NOT BE MET SOLELY BY ECONOMIC TOOLS AND BUSINESS ENTERPRISE. FOR ALASKA NATIVES IT CAN NOT BE MET SOLELY BY THE ECONOMIC TOOL OF ANCSA.

LET ME REITERATE - THERE IS ALOT OF DISCUSSIONS GOING ON RIGHT NOW CONCERNING THE EFFECT OF ANCSA ON OUR TRIBAL STATUS AND THE SPECIAL RELATIONSHIP BETWEEN THE UNITED STATES AND ALASKA NATIVES. IT HAS ALWAYS BEEN OUR BELIEF THAT THE ANCSA WAS BASICALLY A REAL ESTATE SALE. ALASKA NATIVES WERE NOT "GIVEN" ANYTHING. THE 44MILLION ACRES OF LAND FROM THE ACT IS OUR RESIDUAL LAND BASE - WHAT IS LEFT OF WHAT WE ONCE OWNED. ALL OF THE NEGOTIATIONS BETWEEN CONGRESS AND ALASKA NATIVES DURING THE LATE 60'S AND EARLY 70'S CONCERNING THE SETTLEMENT IN NO WAY AFFECTED THE SPECIAL RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND ALASKA NATIVES. NOR DID IT REPEAL OR IN ANY WAY ALTER, TRADITIONAL TRIBAL RIGHTS OF SELF-GOVERNMENT WHICH RESTS WITH NATIVE COMMUNITIES AND WHICH PREDATE

ANCSA, THE STATE OF ALASKA AND THE UNITED STATES. WHETHER THOSE RIGHTS TO SELF-DETERMINATION IN OUR COMMUNITIES ARE ASSERTED THROUGH TRADITIONAL VILLAGE COUNCILS OR IRA INSTITUTIONS, THE POINT IS THEY SURVIVED ANCSA.

LET ME DISCUSS BRIEFLY THE OTHER MISPERCEPTION BEING USED AGAINST US -

THE ROLE OF THE STATE OF ALASKA IN MEETING THE SPECIAL NEEDS OF ALASKA NATIVES

THE ADMINISTRATION STATES:

> " The State of Alaska, of which the 69,000 Alaska Natives are citizens, is comparatively wealthy and has regularly distributed state budget surpluses to its residents.... Natives are a political force in Alaska with a voice in state affairs that far exceeds Indian influence in the lower 48 states.....An adjustment of BIA's role in Alaska to compensate for the special situation there is long overdue, and given current fiscal constraints should not be delayed..."

IN REFERENCE TO THESE STATEMENTS, I WOULD LIKE TO RESPOND - ALASKA NATIVES MAKE UP LESS THAN 15% OF THE TOTAL POPULATION IN THE STATE OF ALASKA. OUR POPULATION PERCENTAGE IS GRADUALLY SHRINKING WITH THE DAILY INFLUX OF PEOPLE FROM THE OTHER STATES. CURRENTLY WE HAVE BEEN MILDLY SUCCESSFUL IN WORKING WITH THE STATE OF ALASKA TO ADDRESS PRIORITY, BASIC NEEDS OF ALASKA NATIVES. THIS RELATIVE SUCCESS IS SHORT-LIVED FOR TWO REASONS. THE FIRST REASON IS THE DRAMATIC DECLINE IN STATE REVENUE RESOURCES DUE TO DECREASING OIL PRODUCTION AND PRICES, WHICH WILL ACCELERATE BY THE 1990'S. ABOUT 85% OF THE STATE'S TREASURY, CONTROLLED BY THE LEGISLATURE IS STOCKED BY PETRO DOLLARS. AS OIL-DERIVED REVENUES

FOLLOW A DOWNWARD SPIRAL - THE STATE IS NOT GOING TO BE CAPABLE OF MEETING THE BASIC NEEDS OF ALASKA NATIVES IN THEIR 200 PLUS REMOTE COMMUNITIES.

THE SECOND REASON, WE BELIEVE THE SUCCESS IN WORKING WITH THE STATE TO ADDRESS PRIORITY, BASIC NEEDS OF ALASKA NATIVES, IS SHORT-LIVED DEALS WITH POLITICAL REAPPORTIONMENT. IN THE PAST TWO DECADES SEVERAL EVENTS HAVE REARRANGED THE POWER STRUCTURE OF THE STATE. ALTHOUGH MUCH AUTHORITY WAS CENTRALIZED IN ALASKA'S STATE GOVERNMENT, A REGIONAL BALANCE WAS REACHED THROUGH APPORTIONMENT. HOUSE MEMBERS WERE ELECTED ACCORDING TO POPULATION AND SENATORS WERE CHOSEN FROM SPECIFIC LAND AREAS. A 1962 U.S. SUPREME COURT DECISION ELIMINATED APPORTIONMENT BASED ON GEOGRAPHIC REGIONS. DOMINANCE OF ALASKA'S VERY POWERFUL STATE GOVERNMENT BY A SINGLE REGION WILL BE THE LIKELY RESULT OF REAPPORTIONMENT BASED ON THE 1990 CENSUS - A DEMOGRAPHIC FACT OF LIFE HARDENED BY THE DOCTRINE OF ONE-PERSON-ONE-VOTE. DUE TO THE INFLUX OF PEOPLE FROM OTHER STATES TO ALASKA, OUR NEXT REAPPORTIONMENT WILL LEAVE CONTROL OF OUR STATE LEGISLATURE IN THE HANDS OF OUR LARGEST AND MOST URBAN AREA - ANCHORAGE. THE RURAL AREAS OF ALASKA, INCLUDING THE 200 PLUS VILLAGES OUR PEOPLE LIVE IN WILL BE FROZEN OUT OF THE LEGISLATIVE AND APPROPRIATION PROCESS.

THIS CONCLUDES THE PORTION OF MY TESTIMONY RESPONDING TO THE MISPERCEPTIONS OF THE ADMINISTRATION INREGARD TO ALASKA NATIVES. I WILL NOW COVER OUR CONCERNS WITH THE BUREAU OF INDIAN AFFAIRS BUDGET.

BUREAU OF INDIAN AFFAIRS

OUR REVIEW OF THE NATIONAL BIA BUDGET SHOWS AN INCREASE OF $8.5 MILLION IN PROGRAM OPERATIONS. WHILE I AM SURE YOU MEMBERS OF THE SENATE SELECT COMMITTEE ARE PLEASED WITH THIS INCREASE AND THE DIRECTION OF MORE TRIBAL CONTROL OVER BUREAU RESOURCES - WE DO NOT KNOW HOW MUCH OF THESE FUNDS ARE INTENDED FOR ALASKA NATIVES. THESE FIGURES ARE NOT AVAILABLE TO US. AS FAR AS GREATER AMERICAN INDIAN AND ALASKA NATIVE CONTROL OVER RESOURCES THAT ARE APPROPRIATED-WE DO KNOW THAT OUR ABILITY IS GREATLY DECREASED BY THE PROPOSED BUDGET. IT IS A WELL KNOWN FACT WITH THE DEPARTMENT OF INTERIOR, THAT ALASKA NATIVES CONTRACT OVER 85% OF ALL THE BUREAU FUNDS THAT ARE AVAILABLE FOR US TO CONTRACT UNDER PUBLIC LAW 93-638.

THE $12.4 MILLION DOLLAR REDUCTION FOR ALASKA PROGRAMS WILL BE FELT THROUGHOUT THE STATE OF ALASKA, AFFECTING THOSE SMALL RURAL VILLAGES IN WHICH IT WAS INTENDED TO HELP. THESE SMALL NATIVE COMMUNITIES HAVE BEEN EXERCISING THEIR RIGHT TO CONTRACT UNDER P.L. 93-638 TO RUN PROGRAMS AND PROVIDE SERVICES FOR THEIR PEOPLE. THE SMALL COMMUNITIES WILL IN FACT HAVE TO RETROCEED THEIR CONTRACTS AND PROGRAMS BACK TO THE BUREAU - BECAUSE THE AMOUNT OF FUNDS AVAILABLE TO DO A GOOD JOB WON'T BE THERE.

LET ME GIVE YOU FOUR EXAMPLES. THE FIGURES USED IN THESE EXAMPLES ARE BASED ON FY85 PL 93-638 CONTRACTS, AS THE FY86 FIGURES ARE STILL BEING COMPILED.

EXAMPLES:

NATIVE VILLAGE OF TYONEK

FY85 CONTRACT OF $66,035 WILL BE REDUCED IN FY87 TO LESS THAN $38,238 DUE TO A 31% REDUCTION IN HIGHER EDUCATION FUNDS, A 51% REDUCTION IN DIRECT EMPLOYMENT FUNDS, AND A 45% REDUCTION IN ADULT VOCATIONAL TRAINING FUNDS. THE TOTAL FY87 IMPACT WILL BE A 58% REDUCTION IN FUNDS.

TANANA IRA NATIVE COUNCIL

FY85 CONTRACT OF $199,858 WILL BE REDUCED IN FY87 TO LESS THAN $135,000 DUE TO A 31% REDUCTION IN HIGHER EDUCATION FUNDS, A 100% REDUCTION IN ADULT BASIC EDUCATION FUNDS, A 24% REDUCTION IN TRIBAL OPERATION FUNDS: A 100% REDUCTION IN AGRICULTURAL EXTENSION FUNDS, A 23% REDUCTION IN SOCIAL SERVICES FUNDS, A 33% REDUCTION IN HOUSING IMPROVEMENT FUNDS, A 51% REDUCTION IN DIRECT EMPLOYMENT FUNDS, A 45% REDUCTION IN ADULT VOCATIONAL TRAINING FUNDS, A 100% REDUCTION IN AGRICULTURE FUNDS, AND A 100% REDUCTION IN WATER RESOURCES FUNDS. THE TOTAL FY87 IMPACT WILL BE A 33% REDUCTION IN FUNDS.

NATIVE VILLAGE OF KIANA

FY85 CONTRACT OF $5,668 WILL BE REDUCED IN FY87 TO LESS THAN $1,317 DUE TO A 33% REDUCTION IN HOUSING IMPROVEMENT FUNDS, A 51% REDUCTION IN DIRECT EMPLOYMENT FUNDS, A 45% REDUCTION IN ADULT VOCATIONAL TRAINING FUNDS, AND A 100% REDUCTION IN AGRICULTURAL EXTENSION FUNDS. THE TOTAL FY87 IMPACT WILL BE A 77% REDUCTION IN FUNDS.

EXAMPLE:

NATIVE VILLAGE OF NOORVIK

FY85 CONTRACT OF $23,559 WILL BE REDUCED IN FY87 TO LESS THAN $15,160 DUE TO A 33% REDUCTION IN HOUSING IMPROVEMENT FUNDS, A 51% REDUCTION IN DIRECT EMPLOYMENT FUNDS, AND A 45% REDUCTION IN ADULT VOCATIONAL TRAINING FUNDS. THE TOTAL FY87 IMPACT WILL BE A 36% REDUCTION IN FUNDS.

WHEN WE REVIEWED WHAT INFORMATION WAS AVAILABLE ON THE PROPOSED FY87 BIA BUDGET, WE DISCOVERED THE $12.4 MILLION REDUCTION REALLY HIT HARD IN A NUMBER OF CATEGORIES. IN MY COMMENTS I WILL ADDRESS THREE CATEGORIES IN THAT BUDGET: EDUCATION, INDIAN CHILD WELFARE ACT AND CADASTRAL SURVEYS. THESE ARE BUT EXAMPLES OF REAL NEEDS THAT WILL BE NOT MET DUE TO THE PROPOSED CUTS.

EDUCATION

THE PROPOSED FY87 BUDGET INCLUDES A 31% REDUCTION IN COLLEGE STUDENT ASSISTANCE AND A 100% REDUCTION IN ADULT EDUCATION. THE $1.5 MILLION CUT IN EDUCATION (EXCLUDING VOCATIONAL EDUCATION), HURTS ALASKA NATIVES AT A TIME WHEN WE NEED EDUCATED ALASKA NATIVES MORE THAN EVER. THE REDUCTIONS WILL AFFECT ALL PL93-638 CONTRACTORS, SINCE 87% OF THE CURRENT PROGRAM IS UNDER CONTRACT. THE SCHOLARSHIP REDUCTION WILL AFFECT AT LEAST 370 ALASKA NATIVE STUDENTS - ONLY 750 ALASKA NATIVE STUDENTS WOULD BE ABLE TO RECEIVE SCHOLARSHIPS.

THE ALASKA POPULATION OVERVIEW FOR 1983 POINTS OUT, "ALASKA'S POPULATION IS, ON THE AVERAGE, ONE OF THE BEST EDUCATED POPULATIONS IN AMERICA." ALASKA RANKS FIRST IN THE PROPORTION OF ADULTS WHO HAVE COMPLETED HIGH SCHOOL AND THIRD IN THE PROPORTION OF ITS POPULATION THAT ARE COLLEGE GRADUATES. THE WHITE POPULATION OF ALASKA WHO HAVE COMPLETED COLLEGE REPRESENTS 24.4% OF THE POPULATION COMPARED TO 17.1% NATIONWIDE. BY CONTRAST, " ONLY 3.5% OF THE ALASKA NATIVE POPULATION HAS COMPLETED COLLEGE, COMPARED TO 7.7% FOR NATIVE AMERICANS NATIONWIDE."

THESE FIGURES, ALONG WITH THE 1980 CENSUS FIGURES ON EDUCATIONAL ATTAINMENT OF ALASKA NATIVES, WHICH IS ATTACHED, SHOWS THE CRITICAL NEED TO DIRECT RESOURCES INTO BOTH ADULT EDUCATION AND COLLEGE SCHOLARSHIPS FOR ALASKA NATIVES. (SEE ATTACHMENT A)

THE FY87 TENTATIVE FUNDING FOR SCHOLARSHIPS IS $3,315,800. THE PROPOSED REDUCTION IS $1,002,000 OR 31%. AFN URGES THE CONGRESS AND THE ADMINISTRATION TO REJECT THIS PROPOSED BUDGET CUT.

THE FY87 TENTATIVE FUNDING FOR ADULT EDUCATION IS $497,000. THE PROPOSED REDUCTION IS 100%. AFN URGES THE CONGRESS AND THE ADMINISTRATION TO REJECT THIS PROPOSED BUDGET CUT.

ANOTHER AREA I WANT TO COMMENT ON IS THE REDUCTION IN FUNDS FOR IMPLEMENTATION OF THE INDIAN CHILD WELFARE ACT IN ALASKA. THE FY87 TENTATIVE FUNDING FOR ICWA IS $710,000. THE PROPOSED REDUCTION IS 100%. AFN URGES THE CONGRESS AND ADMINISTRATION TO REJECT THIS PROPOSED BUDGET CUT. THE U.S. CONGRESS IN THE PROVISIONS OF THE 1978 INDIAN CHILD WELFARE ACT, CLEARLY ACKNOW-

LEGED THE JURISDICTION AND RESPONSIBILITY OF TRIBAL GOVERNMENTS TO DECIDE CHILD WELFARE CASES AND ARRANGE FOR TRIBAL FOSTER CARE FOR CHILDREN IN NEED OF SUCH CARE. MANY ALASKA VILLAGE COUNCILS ARE HINDERED FROM EXERCISING THEIR JURISDICTION OVER CHILD PROTECTION AND PLACEMENT BY THE STATE'S RELUCTANCE TO RECOGNIZE THE LEGITIMATE AUTHORITY OF NATIVE COUNCILS. NOTIFICATION OF CASE DEVELOPMENTS, WILLINGNESS OF SOCIAL WORKERES TO COOPERATE WITH VILLAGE COUNCILS, AND GENERAL KNOWLEGE OF THE ICWA VARY WIDELY ACROSS THE STATE. THIS VARIANCE WITHIN SOCIAL SERVICE AGENCIES, AND THE STATE COURTS WHO MAKE DECISIONS ABOUT CUSTODY OF NATIVE CHILDREN MAKE IT VERY DIFFICULT FOR NATIVE COMMUNITIES TO TAKE CARE OF CHILDREN IN NEED.

NATIVE PARENTS, EXTENDED FAMILY MEMBERS AND NATIVE COUNCILS' ABILITY TO PARTICIPATE IN THIS PROCESS IS FURTHER HINDERED BY LACK OF FUNDING FOR LITIGATION. APPROXIMATELY 90% OF THE CIVIL LITIGATION BETWEEN ALASKA NATIVES AND THE STATE INVOLVE CHILD CUSTODY. BY CHILD CUSTODY, WE DO NOT MEAN DIVORCE SITUATIONS, RATHER WE ARE TALKING ABOUT FORCED REMOVAL OF NATIVE CHILDREN FROM THEIR FAMILIES AND COMMUNITIES BY THE STATE.

THE INDIAN CHILD WELFARE ACT WAS PREDICATED ON THE CONCEPT OF PROTECTING THE INTERESTS OF INDIAN CHILDREN, THROUGH PROMOTION OF SECURITY AND STABILITY OF INDIAN FAMILIES AND THEIR GOVERNMENTS AND BY THE ESTABLISHMENT OF MINIMUM FEDERAL STANDARDS FOR REMOVAL OF INDIAN CHILDREN FROM THEIR FAMILIES AND THEIR SUBSEQUENT PLACEMENT IN FOSTER OR ADOPTIVE HOMES.

THE PROPOSED FY87 REDUCTION IN FUNDING FOR IMPLEMENTING THE INDIAN CHILD WELFARE ACT IN ALASKA WILL HAVE VERY NEGATIVE IMPACT

ON NATIVE COMMUNITIES LEARNING ABOUT THEIR RIGHTS UNDER ICWA AND DEVISING SOLUTIONS TO THE FORCED REMOVAL OF THEIR CHILDREN FROM THEIR COMMUNITIES.

AFN URGES THE CONGRESS AND THE ADMINISTRATION TO REJECT THE PROPOSED BUDGET CUT UNDER THE CATEGORY OF THE INDIAN CHILD WELFARE ACT.

THE THIRD AND LAST ITEM I WILL COMMENT ON DIRECTLY IN THE PROPOSED FY87 BUDGET DEALS WITH CADASTRAL SURVEYS. THE BUREAU PROPOSED AN INCREASE OF $2,538,000. FY86 HAD NO FUNDING FOR CADASTRAL SURVEYS. AFN IS NOT OPPOSED TO HAVING FUNDING FOR CADASTRAL SURVEYS IN THE BUREAU BUDGET, IN FACT AFN STRONGLY FEELS THAT THE SURVEYING OF NATIVE ALLOTTMENTS ARE THE KEY TO LAND ISSUES IN ALASKA, AND MUST BE RESOLVED BEFORE FINAL CONVEYANCE CAN BE ACHIEVED BY OTHER LAND OWNERS.

OUR OBJECTION IS DEALING WITH A SURVEY PROBLEM IN THE BUREAU AT THE EXPENSE OF EDUCQTION, SOCIAL SERVICES, ETC. WE DO NOT FEEL THIS CAN BE CALLED A NUMBER ONE PRIORITY - IT IS LIKE MIXING APPLES AND ORANGES.

AFN URGES THE CONGRESS TO REJECT THE $12.4 MILLION REDUCTION IN ALASKA FOR FY87 AND DEVISE A FAIR AND EQUITABLE BUDGET.

(ATTACHMENT B $12.4 REDUCTION)

TABLE 1. EDUCATIONAL ATTAINMENT OF ALASKA NATIVES 18 TO 50 YEARS OLD, BY SEX, RACE, URBAN AND RURAL RESIDENCE, AND ENROLLMENT IN SCHOOL: 1980

STATE OF ALASKA	TOTAL	MALE								FEMALE							
		TOTAL	ELEMENTARY: 0 TO 8 YEARS	HIGH SCHOOL: 1 TO 3 YEARS	HIGH SCHOOL: 4 YEARS	COLLEGE: 1 TO 3 YEARS	COLLEGE: 4 YEARS OR MORE	PERCENT HIGH SCHOOL GRADS	TOTAL	ELEMENTARY: 0 TO 8 YEARS	HIGH SCHOOL: 1 TO 3 YEARS	HIGH SCHOOL: 4 YEARS	COLLEGE: 1 TO 3 YEARS	COLLEGE: 4 YEARS OR MORE	PERCENT HIGH SCHOOL GRADS
ALL AREAS															
ALASKA NATIVE	29 608	745	3 079	3 149	6 341	1 776	400	57.0	863	2 907	3 068	6 637	1 706	445	59.0
18 YEARS	1 687	747	38	607	95	7	-	13.7	780	40	469	191	-	-	27.3
19 YEARS	1 566	775	63	380	310	22	-	42.8	791	23	270	459	31	-	61.9
20 YEARS	1 526	734	75	212	416	31	-	60.9	790	59	194	471	66	-	68.0
21 YEARS	1 360	688	43	184	406	51	4	67.0	672	36	157	303	99	-	71.3
22 YEARS	1 322	688	60	199	376	53	-	62.4	634	30	143	375	78	8	72.7
23 YEARS	1 254	589	38	92	345	108	6	77.9	665	49	151	345	106	14	69.9
24 YEARS	1 300	595	51	102	355	77	10	74.1	705	60	167	430	122	6	71.1
25 YEARS	1 289	575	39	122	326	85	3	72.0	714	39	150	341	148	36	73.5
26 YEARS	1 090	538	39	81	335	78	5	77.7	552	33	89	256	141	33	77.9
27 YEARS	1 173	614	46	74	363	113	28	80.5	559	50	70	298	118	23	78.5
28 YEARS	1 044	552	58	72	320	80	22	76.4	492	57	97	242	73	23	68.7
29 YEARS	1 140	550	60	51	338	90	11	79.0	590	52	78	318	86	56	78.0
30 YEARS	1 090	566	79	78	300	94	15	72.3	524	56	76	227	128	37	74.8
31 YEARS	1 071	492	57	66	258	86	33	75.0	579	72	90	314	79	24	72.0
32 YEARS	725	359	52	55	160	73	19	70.2	366	47	29	203	68	19	79.2
33 YEARS	812	406	72	41	177	72	44	72.2	406	72	62	169	71	32	67.0
34 YEARS	722	347	56	47	160	76	10	70.9	375	120	59	150	39	7	52.3
35 YEARS	798	409	94	82	133	81	19	57.0	389	107	46	160	41	27	60.7
36 YEARS	770	398	113	53	155	53	24	58.3	372	140	41	119	59	13	51.3
37 YEARS	711	361	135	48	100	62	16	49.3	350	125	43	128	52	2	52.0
38 YEARS	620	314	137	42	67	49	19	43.0	306	96	42	131	19	18	54.9
39 YEARS	624	342	132	40	110	53	7	49.7	282	104	51	98	23	6	45.0
40 YEARS	576	246	96	14	63	58	15	55.3	330	110	83	133	4	-	41.5
41 YEARS	597	328	107	39	126	35	21	55.5	269	105	34	100	23	7	48.3
42 YEARS	617	341	155	55	96	32	3	38.4	276	119	43	83	29	2	41.3
43 YEARS	629	349	124	44	113	48	20	51.9	280	106	55	93	17	9	42.5
44 YEARS	491	239	130	32	60	17	-	32.2	252	117	40	77	10	8	37.7
45 YEARS	551	274	137	63	42	21	11	27.0	277	150	17	96	11	3	39.7
46 YEARS	539	253	167	23	35	20	8	24.9	286	130	59	78	6	13	33.9
47 YEARS	669	328	175	53	59	21	20	30.5	341	207	45	46	20	23	26.1
48 YEARS	453	228	133	22	60	10	3	32.0	225	116	36	57	10	6	32.4
49 YEARS	499	249	154	35	48	12	-	24.1	250	151	43	51	-	5	22.4
50 YEARS	455	271	166	41	52	8	4	23.6	184	129	31	18	9	5	13.0

UNPUBLISHED DATA
Source: Department of Commerce
Bureau of the Census
Washington, D.C. 20233

Attachment A

Bureau of Indian Affairs
Alaska - Summary of FY 87
Budget Reductions

	FY 87 Tentative Funding	FY 87 Proposed Reduction	FY 87 Revised Funding	*FY 87 Proposed Reduction %
EDUCATION				
College Student Assistance (Scholarships)	$3,315,800	$1,002,000	$2,313,800	31%
Informal Learning (Adult Education)	497,600	497,600	0	100%
INDIAN SERVICES				
Agricultural Extension Services	42,300	42,300	0	100%
Tribal Administration	2,088,000	497,000	1,591,000	7%
Social Services	1,719,600	400,000	1,319,600	
Self-determination Grants	2,455,000	400,000	2,055,000	
T & TA	1,349,900	300,000	1,049,900	
NON-BANDED FUNDS				
Child Welfare	129,000	0	129,000	0
Indian Child Welfare Act	710,000	710,000	0	100%
Small Tribes Care Management	679,000	679,000	0	100%
FACILITIES MANAGEMENT				
Direct Rentals	111,200	111,200	0	100%
Facilities Operation & Maintenance & Repair	1,136,000	1,136,800	0	100%
TRUST RESPONSIBILITIES	3,272,700	0	3,272,700	0
NON-BANDED FUNDS				
ANCSA	1,568,000	1,568,000	0	100%
ANILCA	1,372,000	700,000	672,000	51%
Cadastral Surveys	2,538,000	0	2,538,000	0
Native Group Grants	345,000	345,000	0	100%
GENERAL ADMINISTRATION AND EMPLOYMENT PROGRAMS				
Credit and Financing	415,500	0	415,500	0
Vocational Training	2,710,400	1,215,500	1,494,900	45%
Direct Employment	1,014,900	517,100	497,800	51%
Road Maintenance	149,900	149,900	0	100%
NATIONAL RESOURCE DEVELOPMENT				
Natural Resources	256,500	0	256,500	0
Agriculture	844,000	288,400	555,600	35%
Forestry	507,600	0	507,600	0
Water Resources	44,700	44,700	0	100%
Wildlife and Parks	536,700	38,000	498,700	7%
Minerals-Mining	85,900	85,900	0	100%
DIFF. APPROPRIATION CONSTRUCTION				
Housing	2,452,000	796,600	1,655,400	33%
TOTALS	$34,907,300	$17,382,000	$27,525,300	

Attachment B

Mr. Kitka. Mr. Williams.

STATEMENT OF WILLIAM C. WILLIAMS, PRESIDENT, TANANA CHIEFS CONFERENCE, FAIRBANKS, AK

Mr. Williams. Thank you, Julie.

Julie has gone over fairly comprehensively in her report some of the major problems as we see them arising in the Congress allowing OMB to set Indian policy. We think this is a complete reversal of the system and what has happened now as you're letting the accountants get involved in actual program policy decisions and really trust decisions between the U.S. Congress and American Indians, which also includes Alaska Natives.

In my formal written testimony I have tried to outline fairly comprehensively, since the treaty of succession with Russia down through the statement of President Reagan, of the special government-to-government relationship that supposedly exists with the U.S. Government and Alaska Natives.

I think this is a very serious matter that should be considered when you are considering budgets, especially budget cuts that are embarking on a pathway to termination. To allow OMB to set policy and to terminate by budgets I think is completely wrong, and I think that this committee should be one of the key players in turning that around. To allow it to happen, like I said, is tantamount to abandoning Alaska Natives and setting a new precedent and a new policy.

What happens to us we see as a future pathway to the termination of all Indians across the country. I think the Senate Select Committee should be very concerned with this happening.

OMB also places their reasoning for terminating or defunding major portions of the BIA budget on erroneous statements. Also in my written testimony I have gone through some of the socioeconomic factors that were incorporated in the 1985 report that is due to come to Congress this year. For some reason, that has failed to surface.

I think it is a very critical document at this time because it has a lot of socioeconomic factors and statements in that study that completely repudiate the provisions that HUD has used to cut the BIA budgets.

The positions of employment: in our villages we have anywhere from 40- to 60-percent unemployment rates, but in the BIA budgets they are going to cut the Direct Employment Program almost to zip, the basic educational programs that deal with employment, adult basic education and vocational training education programs. Adult basic education, which allows people to get their GED's to go on to vocational training, 100-percent cut, just wiped out totally. Adult vocational programs, cut almost 45 percent. How are people going to go to work if they don't have these basic training tools to allow them to gain employment?

Education: education is being cut drastically in the Scholarship Program. As Julie said earlier, $1.2 million, 33 percent of the education scholarships for higher education are going to be wiped out in fiscal year 1987. What that means to us is no more new freshmen, because in your program commitments with the Bureau of

Indian Affairs you are supposed to obligate funds for 4 years when a student comes into the system. So we are going to have to meet the moral obligation of at least funding those students who already started. I don't know how we are going to do that with this kind of a cut.

It also means zero—zero—input of freshmen for fiscal year 1987. In essence, you have wiped out the higher scholarship programs.

If you will go through—and this is a fairly short summary of the socioeconomic situation of Alaska that is in the 1985 study, also in the 1980 census—and then read the reasoning why OMB is cutting the services to Alaska Natives, you will see that none of their statements hold water.

They say the State is going to pick up these services. The State is going through drastic budget reductions right now. With the drop in oil revenue, the State doesn't even know where they are budgetwise right now. They don't know if they can maintain the system that they have created, let alone pick up the systems that OMB is suggesting that they pick up, that really the State doesn't have the responsibility to pick up.

With regard to the health issues, just a quick thing: she mentioned that a lot of the diseases and accidents and suicides and other costs that we are incurring under Indian Health Service are preventable. One major program comes to mind, and that is the CHR Program. There have been continual attempts to cut that program out. In this 1987 budget there is about 50-percent reduction in the one program that concentrates on preventative health measures. This seems a little inconsistent when we are trying to reduce costs for direct services by cutting out the only program that concentrates on preventative services. That seems to be going just a little bit backward in what we are trying to accomplish.

So that basically what I have to say is in the statement I will hand to the committee, and then I will turn the mike over. Thank you.

[Mr. Williams' prepared statement follows:]

The Socioeconomic Impact of ANCSA
February 1986

William C. Williams Testimony

Although there have been some improvements in the general social and economic status of Alaska Natives, the present condition is not good and the projections are for worsening conditions. In January of 1984, the University of Alaska, Institute for Social and Economic Research reported the following based upon a comparative analysis of the 1970 and 1980 census data.

1. **Population**

   Despite a substantial growth in the Alaska Native population, Natives are a smaller minority group of Alaska in 1980 than in 1970.

2. **Birth Rates**

   The Alaska Native birth rate is likely to remain high.... **There will be approximately 39,000 Alaska Natives in Alaska who will be ineligible to enroll as Alaska Natives by 1991.**

3. **Death Rates**

   Unfortunately, declines in the infant mortality rate and in the rate of deaths due to preventable diseases were offset by increases in the rate of deaths due to accidents and suicides.

4. **Geographic Distribution**

   ...although urban Native populations are the fastest growing,...most Alaska Natives will continue to live in small communities.

5. **Education**

...while the educational attainment of young Natives 18-24 years old has improved significantly, one out of four had dropped out of high school in 1980. A December 1985 ISER report (Vol. XXII, No. 3) identifies six major problem areas and states "No quick fix exists for these problems. Low achievement test scores, low rates of college success, and unsuccessful transitions to adulthood - all of these problems were with us in the boarding school era and are still with us.

6. **Employment**

The employment profile...of Native men has not changed significantly, [but] increasing numbers of Native women have entered the labor force and found work to the point that the portion of Native women working is approximately that of Native men. Rural unemployment rates presently rage from 20% in the summer construction season to over 65% in winter (2/3rds of year) (State Department of Labor statistics).

7. **Subsistence**

...at least one-third and perhaps as much as one-half of all Alaska Natives get as much as half or more of their food from subsistence activities.

8. **Income**

While present data indicates a 39 percent increase in real income..., Native family incomes remain far below non-Native family incomes and nearly 100% of the rural Native population is below poverty income standards for the State and Nation (see 1980 census) (see also state statistics or transfer payments).

9. **Housing**

> There has been a substantial reduction in the number of households lacking plumbing facilities and in the percentage of overcrowded households...

ISER Concludes

> **Conclusions**
>
> The Alaska Native population experienced substantial advances in physical health, education, income, and housing between 1970 and 1980. In addition, a large number of Alaska Native women entered the labor force and obtained employment. Despite these gains, however, the **Alaska Native population remains at a disadvantage in all areas relative to the Alaskan non-Native population and the U.S. population as a whole.** While Alaska Natives received significant direct and indirect transfers of goods and services from the federal and state governments, most of their support continues to come from their own wage employment and subsistence activities.

As part of the research for the 1985 study (The Department of Interior ANCSA Section 2 report to congress) a survey of Alaska Natives yielded similar information which is supported by the following facts:

1. **Individual benefit of ANCSA**

    a. village stockholder each $300.00 average.

    b. at large stockholder each 7,000.00 average.

    The above was spread over 10 years for an approximate average of 30.00 per year for village stock holders and

700.00 per year for at large stockholders - **not a very impressive benefit.**

2. **Gains in education, employment, and housing were not, or only minimally, the result of ANCSA.** Most gains were the result of increased state economy (oil production) and huge investments by the state in quality of life infrastructure in rural areas not the result of ANCSA.

3. **Expectations of ANCSA's corporate ability to pay significant dividends to individuals is not optimistic.**

Conclusions

Presently declining oil resources to the state as a result of a "soft" market are expected to virtually halt further rural development this year. The FY 1986 rural employment projection are below pre ANCSA figures. With the present sharp down turn in the state's economy we expect the Alaska Native population to experience huge set backs - already we are seeing a 90% reduction in state construction spending which is the source of most rural employment.

IMPACT OF THE RRM ON ALASKA

The recent efforts to redistribute resources in the Indian Health Service according to the Resource Requirements Methodology are not supported by the Tanana Chiefs Conference.

The RRM is substantially biased against the Alaskan Area Native Health Service. The distribution of resources according to these criteria will result in substantial reductions of funding for all Alaskan programs with major disruptions in the operations of the IHS and tribally operated programs in the state.

Many of the biases of the RRM against Alaska were pointed out by the Alaska Area Native Health Service in the "Alaska Cost Considerations Study" (attached). These concerns have never been adequately addressed by the IHS.

To summarize these concerns:

1. The population that IHS uses for the eligible population in the State of Alaska is based on 1980 census figures. There is documented evidence that this underenumerated the population of Alaska Natives by as much as 35%.

2. The methodology does not adequately compensate for the unique environmental conditions in Alaska. Travel (esp. patient and escourt) costs, heating costs, construction and maintenance costs (esp the village built clinic program), communication costs (satellite telephones), and freight costs are all significantly higher in Alaska.

3. The methodology does not allow for the increased costs and responsibilities of the IHS hospitals in Bush Alaska which are the only providers of Health Care within hundreds of miles. Although these facilities charge for care provided to non native individuals the revenue collected do not cover a significant portion of the costs. This is because the fees charged do not cover the costs, the IHS hospitals have little experience or incentives in revenue generation and because many of the patients are simply without resource to pay. The IHS facilities are required by PHS to provide emergent care for this population but resources are not available to cover the costs of this responsibility.

4. In addition the RRM does not take into consideration the distribution of capital resources. This tends to penalize a program such as the Tanana Chiefs which has chosen not to spend 25 million dollars on a replacement facility, but rather to purchase services in the community hospital. If a true picture of the costs of providing the service is to be seen a module which amortizes the capital costs incurred by the IHS must be added.

Ms. KITKA. I would like to ask Robert Clark from Dillingham to speak next.

STATEMENT OF ROBERT CLARK, ADMINISTRATOR, BRISTOL BAY AREA HEALTH CORP., DILLINGHAM, AK

Mr. CLARK. Thank you.

Good morning.

My name is Robert Clark. I am with the Bristol Bay Area Health Corp. We provide services to 32 villages or tribes in an area approximately the size of the State of Ohio. Alaska is a real big area, and I provided for the committee just an overlay where it shows that we are one-fifth the land mass. It is a big area. It is very costly to provide services.

We are a 638 contractor under the Indian Self-Determination Act. There is only one in probably five tribes in the whole United States doing that, and I think we are among the first to do that—where we contract out the total Indian health service responsibility.

Along with my prepared statement I have provided an annual report of the Bristol Bay Area Health Corp.[1] and also a three-page report from the Alaska Native Health Board, which represents all the regions in Alaska, some 200-and-some villages up there, also considered tribes.

My biggest concern—and I have my hospital administrator, Mr. Bob Apel, with me—is we have a brand-new hospital that Congress saw fit to fund. We are very appreciative. It is a beautiful building, built by Indian contractors under 638 and, contrary to much of what you read, is a success, is working, and it is a beautiful facility. We are very pleased with that.

The problem is the thing is scheduled for completion this summer. We got a $20 million warehouse literally because there is no funding for the staffing. The rescission proposes to take away my housing, and what am I going to do? Give the thing back, I guess. It is really a serious oversight, I think, on behalf of IHS who submitted the positions on our behalf. It has been cut down by the folks of OMB, or I don't care who, but the administration, and that is not fair.

We are looking for the quarters to come through, hopefully, if you don't pass up on rescission. We are looking for the funding for the additional staffing that was promised to us when you, the Congress, saw fit to replace our hospital and provide us with the means to provide service to our people there.

The other thing is the uncertainty of the funding level in the future here. They have a whole new way of reallocating the resources. Equity is fine. The problem is what they want to do is take away all the program income, State grants, other alternate resources, and that means a 30-percent cut to my budget in addition to Gramm-Rudman, in addition to the proposed rescission. Alaska can't withstand a $15 million cut to the IHS Program. There just isn't that type of fat out there.

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[1] The annual report referred to has been retained in the files of the committee.

In fact, OTA studies, one of your own congressional committees and many other committees, will point out the need far in excess of the existing budget, and the high cost of Alaska compounds, along with the rescission and the others, makes it even more imperative that the rescission not be even considered by Congress and say to the administration, "Hey, we have done our part in Gramm-Rudman."

Everybody has taken their cuts even the Indian Health Service and BIA programs. We can live with those type of cuts to help the whole country, but anything in excess of that is just too excessive.

I have written comments for the record and remain available for any questions.

[Mr. Clark submitted the prepared statement of the Bristol Bay Area Health Corp. and a statement of the Alaska Native Health Board for inclusion in the record. This material follows:]

STATEMENT

OF

BRISTOL BAY AREA HEALTH CORPORATION

BEFORE

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

AT

F.Y. 1987 BUDGET OVERSIGHT HEARING

February 18, 1986

The Bristol Bay Area Health Corporation (BBAHC) is a tribal organization representing 32 Alaska Native villages of the 40,000 square mile Bristol Bay region in Alaska. BBAHC contracts under the Indian Self-Determination and Education Assistance Act (Public Law 93-638) to operate the Kanakanak Hospital of the Indian Health Service and to provide community health services to Alaska Natives in the Bristol Bay region. A new $20,000,000 IHS hospital at Kanakanak is nearing completion and is expected to be operational in Fiscal Year 1987. BBAHC has been designated by the Alaska Native villages of the region as the tribal organization to operate the new hospital under P.L. 93-638.

In recent months BBAHC has become aware of steps contemplated by the Administration and in the Congress which drastically affect plans for the operation of the new hospital and threaten the financial viability of contract operations by BBAHC under P.L. 93-638.

New Hospital Staffing

First, we understand that (although the hospital is "conservatively estimated" by IHS for completion by October 1, 1986) the Administration has not included funds for staffing and staff housing in its budget request for F.Y. 1987. IHS has attempted to obtain funds to operate the hospital in F.Y. 1987 but has been overruled at a higher level. IHS fully agrees that funding for 40.8 new positions for the hospital should be included in the F.Y. 1987 budget. Nevertheless the Administration has deleted these funds from the proposed budget.

It just makes no sense for the federal government to build a new hospital to meet the health needs of the Alaska Natives of our region and then cripple or destroy its usefulness either by drastically curtailing the planned staffing pattern or (even worse) by just not providing any new staff at all.

New Hospital

Effect of IHS Reallocations

We have recently learned that the Administration has plans to reallocate IHS funding nation-wide based on a supposedly equitable distribution of available funds for F.Y. 1987. While we have not received in writing a detailed explanation of what is being proposed, HRSA and IHS have explained the basic principles of the reallocation plan to our attorneys.

Apparently, it involves (1) establishing the cost of funding our programs as if IHS were operating them directly instead of contracting with us under P.L. 93-638, (2) allocating a proposed 14% to cover what is called "executive direction" and contract overhead costs to those programs which are operated under 638 contracts and (3) then reducing the amount arrived at in steps (1) and (2) by subtracting "program income" received in the previous year and the dollar amount of so-called "alternative resources" (health grants from State government, etc.). We understand that we would be able to keep ten percent of "program income" as a so-called incentive to continue collections.

While we favor the equitable distribution of IHS funds to address the health needs of Indian and Alaska Native peoples and have long felt that present allocations fail adequately to address differences in the cost of delivering health care due to geography, isolation, lack of roads, extreme weather conditions, and similar factors (which affect Alaska, for example, drastically), we vigorously protest two elements in the IHS plan which would destroy the effectiveness of our health programs in the Bristol Bay region.

First, the adjustment for 638 administrative overhead should reflect actual need for administrative costs (as we now are able to do by negotiating an indirect cost rate annually). The use of a flat IHS-wide percentage of 14% may be adequate for some programs but would require retrocession to the federal government in our case where administrative support is complicated by geography, terrain, the need to coordinate over long distances with self-governing Alaska Native villages and similar factors. In addition, a flat percentage fails to account for wide variation in the size of contract programs.

Secondly, we simply cannot accept the deduction of "program income" and the alleged alternative resources. We cannot begin to address the health care needs of the Alaska Natives of our region if these measures are put into effect. Indeed, as IHS well knows, the existing level of IHS funding is far below the amount necessary to provide an adequate health program in the region. At present we are able to retain third-party reimbursements to assist us in meeting the deficiencies in the IHS funding level. Under the new approach, IHS would adjust our federal funding downward for 90 cents of every dollar we collect. It seems grossly comic to call such a program an incentive to pursue such program income because it would leave us ten cents on the dollar. IHS' failure to provide inflationary cost increases (and its recent directive to cut F.Y. 1986 spending two percent below last year) highlight our urgent need to utilize program income in addition to our equitable share of IHS funding -- not to see our collection efforts mocked by an offset arrangement. Keep in mind that it costs us approximately twenty percent of what we collect merely to collect program income dollars. IHS contractors across the country can be expected to pursue collection efforts with substantially less enthusiasm. The result will significantly impair the total IHS health effort.

The same principle applies to State health grants. Why should we seek State funding to meet the unmet health needs of our people if these grants will merely have the effect of curtailing IHS support proportionately? Indeed, some of our State grants are, in fact, conditional on our continued receipt of federal support. Without the one, we lose the other. The plan runs counter to the clearly expressed will of the Congress in the Social Security Act and in appropriations legislation (including the F.Y. 1986 appropriation).

We have continued to pursue third-party revenue and State grants aggressively based on assurances provided by such federal laws and by our contract with IHS that such income may be retained and used to provide additional services for Native people within the scope of our contract. We have been so successful that approximately thirty percent of our current operating budget is from non-IHS sources. Yet now we are told that this income will reduce our funding from IHS next year or, in other words, cut our IHS budget by thirty percent. If that is done, we would be forced to turn our programs back to the IHS.

The Congress should act now to protect the federal health services for Indians and Alaska Native peoples from the disruption that this ill-conceived proposal will produce. For any federal official to propose such an approach as "equitable" is simply unbelievable. This plan will gut the federal Indian health program and would totally ignore the federal trust responsibility to address the health needs of Alaska Natives and Indian peoples.

Rescission Request

Finally, we understand that, just as the Administration is proposing to renegotiate F.Y. 1986 funding levels with some other 638 contractors (Norton Sound Health Corporation) to reach an equitable level of funding, it is proposing a drastic rescission in the very funding categories (hospitals and clinics and funding for 638 contract administrative costs) which would make an upward adjustment possible. Can these negotiations be in good faith?

These rescissions also eliminate funds for staff housing for our new hospital. The IHS has determined that 34 units of staff housing are needed for the new hospital, and Congress appropriated $4.2 million in F.Y. 1986 to fund 26 of the needed units. Of course, the rescission goes right along with the F.Y. 1987 request -- no funds for staff in F.Y. 1987 so no funds for staff housing in F.Y. 1986. But does it make sense to build a $20,000,000 facility and let it stand unused for a full fiscal year? Or does the Administration plan to leave the facility vacant permanently?

The rescission request is also contrary to the will of Congress as expressed in the Gramm-Rudman-Hollings Act. That Act provides a special status to Indian health programs, providing that their funding levels be cut only 1% in F.Y. 1986 and 2% in subsequent fiscal years in order to reach the deficit reduction goals. And yet now, cynically, the Administration proposes to make further cuts in the F.Y. 1986 Indian health appropriation in addition to the 1% mandated by Gramm-Rudman-Hollings. If Congress meant what it said in Gramm-Rudman-Hollings, it will not agree to further cuts in Indian health. The Gramm-Rudman-Hollings cuts and the proposed rescission mean that BBAHC's budget for F.Y. 1986 has not yet been finalized even though we are five months into the current fiscal year. So the IHS can only release one-twelfth of our funding at a time, pending final allocation of F.Y. 1986 funds. This means operating a scaled-back operation for much of the year. See attached IHS correspondence. Congress should alleviate this problem by rejecting the rescission quickly.

In summary, the Bristol Bay Area Health Corporation urges:

(1) that the Congress reject the proposed rescission of $62,900,000 appropriated in F.Y. 1986 for the Indian Health Service, especially the rescission of funds for staff housing at Kanakanak, for administrative costs of 638 contracts and for inflationary cost increases for hospitals and clinics and contract health care;

(2) that the Congress appropriate funds in F.Y. 1987 to provide 40.8 additional positions to staff the new Kanakanak Hospital; and

(3) that the Congress prohibit the Indian Health Service from reducing IHS allocations to service units or health contractors under P.L. 93-638 by offsetting "program income" or "alternative resources" in F.Y. 1986 or F.Y. 1987.

A-EO

UNITED STATES GOVERNMENT

memorandum

DATE: January 31, 1986

REPLY TO ATTN OF: Director
Alaska Area Native Health Service

Refer to: A-D (A-FMB)

2/14

SUBJECT: FY 1986 Projected Obligations - Direct Operations

11% H&C
2% CHC
10-15% CHC
77% Area [illegible]
[illegible] — 1%

[illegible] [illegible] [illegible] [illegible] [illegible]

[illegible] + [illegible] [illegible] [illegible] [illegible] expenditures

TO: Chief, Resources Management Branch
IHS Headquarters
Attn: Mr. Jim Dunnick

Submitted per request of 23 January, is the FY 1986 projected obligations and proposed plan of action to remain within the proposed allowance of $6,292,000.

In anticipation of a funding decrease in Direct Operations, the Alaska Area in FY 1985 either eliminated or transferred to other funding sources, those elements of expense that could be costed to other than Direct Operations. A forced lapse of 26 positions was imposed to maintain FY 1984 operating level, with reduced FY 1985 funding level created by decrease in Recurring Funding and Pay Act short fall. Realizing that 89% of the Direct Operation Budget is personnel cost, and Reduction-in-Force is not an option to reduce obligations, the furlough mechanism must be utilized.

Proposed actions and savings are as follows:

I.	Travel	$200,000

1. Eliminate training funded by the Alaska Area.
2. Reduce administrative travel. This leaves the Service Units and PL 93-638 contractors with little or no on-site technical assistance, including that of ancillary health care programs. Curtailment of contract compliance visits for 638 contracts negatively impacts a required and much needed function of the Area Office.

II.	Eliminate the Nurse Intern Program - Hospitals & Clinics	$59,000

1. Transfer Direct Operations cost to Hospitals & Clinics. Elimination of this program will have a profound impact on direct patient care. Because of the remoteness of our Service Units, the turnover and lapse rate in nursing creates an ongoing shortage in nursing departments. The nurse intern program has been utilized to maintain a reserve of trained nurses to offset shortages.

III.	Personnel - Impose forced lapse of 4 positions	$144,000
	Furlough	$521,000

1. Maintain present vacancy lapse of 30 positions; as 26 of these were in place in FY 1985; only savings for 4 positions will be

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6

realized in FY 1986. This would entail a forced furlough for 166 civilian positions of 22.6 working days each by September 30, 1986. The impact of this action would be:

A. Delay in response to Service Unit requests for assistance.
B. Delay in response to Headquarters required and requested reports.
C. Delay in response to 638 contractors requests for information and assistance.
D. Possible delay in payments resulting in increased interest payment.
E. Additional workload per employee, adding to stress levels and negatively impacting morale factor.
F. Delays in purchasing could impact direct patient care as well as possibly increasing purchase costs through purchasing time factor.

Exact impact and cost factors cannot be definite until reductions in other sub-sub activities are known.

for Robert Singyke

Copy: Robt, [illegible], File

2/10/86

DEPARTMENT OF HEALTH & HUMAN SERVICES
PUBLIC HEALTH SERVICE

February 4, 1986

ALASKA AREA NATIVE HEALTH SERVICE
BOX 7-741
ANCHORAGE, ALASKA 99510

Refer to: A-D (A-CHCS)

Robert J. Clark
Executive Director
Bristol Bay Area Health Corporation
P.O. Box 3050
Dillingham, Alaska 99576

Dear Robert:

This letter is in response to your two letters of January 15, 1986. Apparently the use of three different RRM applications over the past five years has resulted in some confusion which is understandable.

For preparation of the Program Information Document (PID) dated November 1980, a RRM application using actual and projected workload and population data then available showed a total required staff of 109.2.

In preparation of the FY 87 IHS budget document, an updated RRM application was applied to more recent workload and population data. That April 1985 application of the RRM showed a required position complement of 93.8.

The RRM application which resulted in the 147.2 staff you noted was prepared in November 1985 as a result of the special IHS Headquarters based Operations Analysis Project. Erroneous population and workload data caused the required position numbers to be inflated. Also, staffing need assumptions included engineering positions which historically have been based in the Environmental Health office in Anchorage. So, that application was flawed and needed further revision.

My memorandum to Dr. Rhoades of December 18, 1985 should have referenced the latest acceptable RRM application (the one dated April 1985); that was corrected in my second memorandum to Dr. Rhoades dated December 31, 1985. So, as indicated, we are supporting an IHS request that the FY 87 budget provide a recurring funded position base increase at Kanakanak in the amount of 40.8 positions plus additional recurring support costs for the operation of the new hospital. Let us hope that by working in concert we are successful in realizing this needed increase.

Sincerely,

Stanley Hadley Jr. M.D

for Robert Singyke
Director
Alaska Area Native Health Service

ALASKA AREA NATIVE HEALTH SERVICE
BOX 7-741
ANCHORAGE ALASKA 99510

Our Reference: A-PCS (243-84-0001) 2/17/86

Bristol Bay Area Health Corporation
Attn: Robert Clark
P.O. Box 3050
Dillingham, Alaska 99576

Dear Mr. Clark:

We have been advised by IHS Headquarters that the final level of funding for Fiscal Year 1986 is still uncertain and status remains unchanged at this time. However, the Alaska Area Native Health Service has received funding through March 31, 1986. This level reflects a 1% reduction of your Fiscal Year 1985 Recurring Base in all sub-subactivities except Contract Health Care (CHC) (6-39159.66) which is 2% and Community Health Representative (CHR) (6-39259.74) which is 10-15%.

This means that the "spending level" for Fiscal Year 1986 should be reduced within the guidelines stated above taking into consideration that we are now into the fifth month of the FY-86 contract year.

Thank you for your cooperation and if you have any questions please feel free to call.

Sincerely,

John A. Green
John A. Green
Contract Specialist

cc: P.O.
A-FM

FY-1986
Direct Operations Plan
($000)

Alaska
Area/Program Office

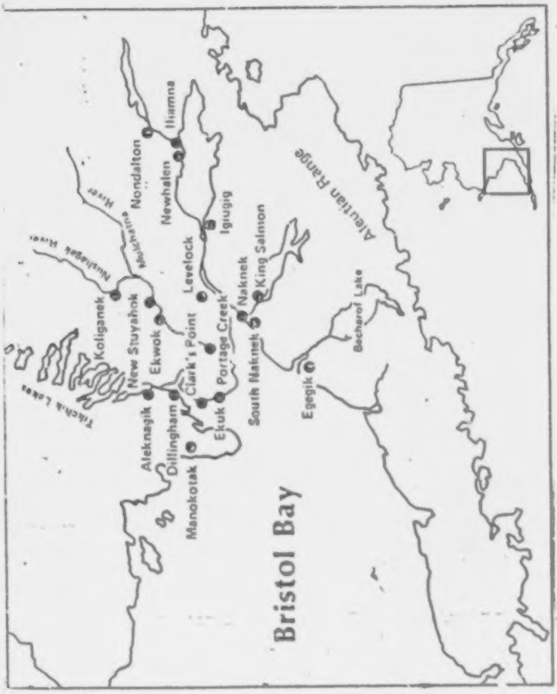
Planning Allocation: $6,292

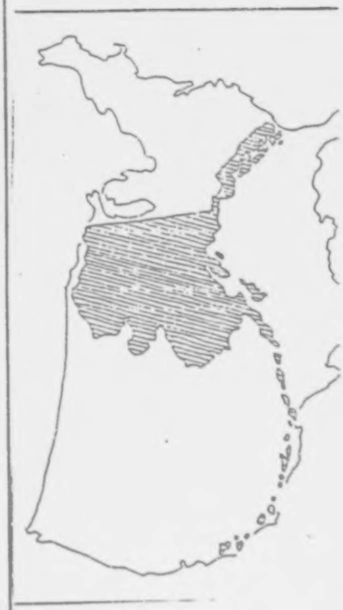
Object Class	First Quarter Actual Obligations		Projected Obligations							
			Second Quarter		Third Quarter		Fourth Quarter		Total	
	FTEs	Amount	FTEs	Amount	FTEs	Amount	FTEs	Amount	FTEs	Amount
1100		$1,257		1,180		1,005		1,006		4,448
1200		408		330		222		214		1,184
S/T	39	1,665	34	1,510	31	1,227		1,230	135	5,632
2100		109		105		93		93		400
2200		14		12		1				3
2300		23		20		20		20		83
2400		7		1						8
2500		16		14		14		14		58
2600		31		25		25		25		106
3100		1		1						2
Total	39	$1,866	34	1,664	31	1,380	31	1,380	135	$6,292

NOTE: FTEs will reflect the amount used in each quarter.

Total amount reflects your recurring base plus COS and special pays you requested in your FY-1986 spending plan.

1866T


Bristol Bay
Aleutian Range
Tikchik Lakes
Nushagak River
Mulchatna River
Koliganek
New Stuyahok
Ekwok
Aleknagik
Dillingham
Manokotak
Clark's Point
Ekuk
Portage Creek
Levelock
Nondalton
Newhalen
Iliamna
Igiugig
Naknek
King Salmon
South Naknek
Egegik
Becharof Lake



STATEMENT
OF
THE ALASKA NATIVE HEALTH BOARD

Testimony of Alaska Natives

Before

The Senate Select Committee on Indian Affairs

February 18, 1986

The Native people of the State of Alaska have been alarmed to hear of the proposal by the Administration to cut the Indian Health Service for F.Y. 1986 by approximately $62 million above the cuts stipulated by Gramm-Rudman.

Even before Gramm-Rudman, the Indian Health Service has had great difficulty in maintaining services at an acceptable level. American Indian and Alaska Native people still have health status that is far below that of other Americans. The enactment of a rescission of the size being proposed by the President will quite simply be measured in lives lost and debilitating illnesses going unattended.

The vast size of Alaska, and the high cost of doing business (cost of energy, communications, travel, recruitment and retention of personnel, treatment) conspire to make the provision of health care a tenuous, delicate affair.

The Native people of Alaska understand the current budget deficit crisis. The conditions of Gramm-Rudman are brought to bear upon the Indian Health Service, as well as on many other health programs. However, the proposed rescission far exceeds the intent of Gramm-Rudman, which already results in a loss of nearly $2 million to Alaska. The proposed rescission would add another $12.8 million loss to the Alaska portion of the Indian Health Service budget.

All this begins to look strangely like a federal denial of a special relationship between Alaska Natives and the federal government. What happened to the federal trust obligation to America's aboriginal peoples?

We strongly urge the Congress to reject the Administration's proposed rescission of $62 million for Indian Health Service.

Attachment

Impact of the Administration's Proposed

F.Y. 1986 IHS Rescission upon Alaska

Rescission amount	$62,000 000
Services	$24,260,000
Facilities	$38,640,000

Budget Category	Amount cut x Alaska % share of Total IHS Budget	Loss to Alaska
Hospitals & Clinics	$ 6.79 m. x 17%	$ 1.15 m.
Contract care	$ 2.47 m. x 17%	.42 m.
Urban Health	$ 2.44	0
C.H.R.	$11.09 m. x 17%	$ 1.88 m.
Tribal Management	$ 1.47 m. x 17%	$ .25 m.
Facilities & Construction	$38.64 m. x 23%	$ 9.1 m.
		$12.80 m.*

[$3 m. = ANMC
$1.9 m. = Kotzebue S.U. planning
$4.2 m. = Bristol Bay quarters]
$9.1 m.

---

* This amount must be added to the approximate loss to Alaska of of $1.8 million due to Gramm-Rudman.

Mr. **Taylor** [presiding]. We'll hold off on questions until we finish with Mr. Williams, but I would like to just ask one thing. In Mr. Clark's testimony there is a very—pardon me. In the testimony submitted for the Association of Village Council Presidents there is quite a detailed breakdown of each program that is being affected. I wonder—I don't know if your testimony provides that to us for the Indian Health Service in Alaska. You certainly seem to have knowledge of it. I wonder if you could supply that to us.

Mr. **Clark**. There is a small breakout. We can provide you will more detail upon request. We try not to belabor you with a lot of stuff. We are now just giving you the key points.

Mr. **Taylor**. Julie?

Ms. **Kitka**. Mr. Chairman, I would like to ask Susie Erlich to speak next.

STATEMENT OF SUSIE ERLICH, MINEOK ASSOCIATION, KOTZEBUE, AK

Ms. **Erlich**. Good morning. I am pleased to be here.

Before I start, I would like for the record to express my appreciation for Chairman Andrews' kind words. They were thoughtful and we appreciate hearing things like that from such important people. Thank you.

As Julie said, I am from Mineok Association. It is within the Nama regions, above the Arctic circle and approximately 115 miles away from Russia. So we are pretty far away.

We have 10 villages in our region, and the region is about 41,000 square miles. It is very large and spread out. We have about 6,500 residents with about 85 to 90 percent being natives from the area.

I think, as you have heard before, the Gramm-Rudman cuts are going to have a grave effect on us. I don't want to go into generalities. I would like to speak of some of the specifics that will happen to my region which will give you an indication of what can happen to Alaska or what will happen to Alaska on a widespread basis, because we are all similar; we are not that different.

First of all, we have a service unit hospital that was built about 35 years ago. We have prima-frost conditions. The hospital in some areas has sunk over a foot, which of course creates problems with plumbing, with cracking, and just foundation safety problems.

We were successful, through the assistance of Senator Stevens, in obtaining some money for a new hospital. We have been working with the IHS on that. Suddenly we are put to a halt because there will be no planning moneys available. We've gone to the PID, which has now become the PJD, and all of that. We've spent a lot of time on it and effort.

The sewer backs up in the hospital. It literally backs up into nurses' quarters.

We have 250,000 gallons of oil below the hospital because we have direct delivery from the oil resource, but the pipes are so bad with all the problems there that 250,000 gallons oil did escape. Now we have a recovery problem in addition to all of the other problems.

With the planning money being removed and obviously no planning moneys, no construction moneys, we are in a real serious situation there. I implore you to think of those kinds of things as you work toward this Gramm-Rudman trust, or whatever.

We have about 6,000 natives in the region. We have about, I would say, 12 college graduates out of the entire native population. Those have been just recently, 2 or 3 years, and they are school teachers, educators. We appreciate that. We have one person who has a masters degree, and we're very proud of that individual.

With the BIA education cuts, we're going to be affecting 18 people out of the 56 that we have currently enrolled. We have a long way to go. We have to administer our education programs, run our hospitals, do all that stuff. We're working toward it. Again, with the cuts, we're down the drain and we have been working hard.

Another area that is really of significant concern to me, because as an IRA council member, I am chairman of the Indian Child Welfare Act Committee, is the Indian Child Welfare Act, the 100 percent cut. It has only been recently that we have gotten the judge of the superior court and the State of Alaska social services to begin to work seriously with us, and they have found magically that those children that they prohibited from turning to their homes, they have magically found that when they are returned by our assistance, that things are working well in the home; that there is a quality to upbringing of the child; and just a whole bunch of things like that.

Now that we've gone that far, 5 years of work, they're fully supportive of us in our Indian Child Welfare Program. We just applied for money. We spent hours writing a proposal. We just applied for money to the area office. We sent a person down there and they came back and said, "All for naught."

"Why?"

He said, "There is no more."

Again, that would be affecting the lives of our children and our future.

That's just a few; I could go on with many more, but I would like to stop there. I wanted you to have some specific information as to what will happen to us when the budget cuts occur to the drastic level that they are being proposed.

Thank you.

Mr. TAYLOR. Thank you.

Ms. KITKA. We have one more individual, Carl Jack, with the Association of Village Council Presidents.

Carl?

STATEMENT OF CARL JACK, REPRESENTATIVE, ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS, BETHEL, AK

Mr. JACK. Thank you.

My name is Carl Jack.

Mr. Chairman, members of the Select Committee on Indian Affairs, I will not read the whole testimony, but I will touch on those areas which we feel are so important. We have also attached to our testimony specific fiscal analysis of the proposed cuts.

I am offering comments on behalf of the Association of Village Council Presidents. The Association of Village Council Presidents represents some 56 villages covering an area of about 95,000 square miles in western Alaska.

While AVCP is aware that the hearings are oversight hearings rather than appropriations hearings, we wish to bring to the committee's attention some policy considerations addressed in the BIA fiscal year 1987 budget request.

The reason for this is that we believe that the budget is presently utilized by the administration as an instrument of significant national policies regarding Alaska Natives which should properly fall within the jurisdiction of the committee. The new national policies toward Alaska Natives as reflected in the administration's budget request for 1987 signal—and I'd like to emphasize that—signal drastic changes in the relationship between our people and the Federal Government.

The administration's budget submitted to the Congress 2 weeks ago utilizes the fiscal notes on appropriation to make major changes in Federal policy that formerly would have been stated in congressional findings. The administration states Alaska Natives have less need for assistance because of economic benefits provided by the Alaska Native Claims Settlement Act, which was adopted by Congress in 1971, otherwise known as ANCSA, and that there are no longer Indian tribes in Alaska, and that the State of Alaska is financially able and willing to replace Federal Indian services to Alaska Natives. None of these statements are true.

AVCP, on behalf of the 56 member villages—and there's about 20,000 constituents or people within the region—asks that this committee and Congress resume its rightful role in deciding Federal policy toward Alaska natives. Very few Alaska natives have benefited from ANCSA, and the great majority of them are economically disadvantaged.

Our tribal government seeks good faith dealings and relations with the Federal Government. The State of Alaska will not and may not assume responsibility for Federal Indian programs. Most importantly, the Congress should not permit the administration to terminate our special relationship with the Federal Government through the budget process.

There is an alternative. Many years ago the Congress established a method by which Alaska Natives and the American Indians may decide for themselves budget priorities for BIA program services. Through this process, tribal representatives assign funding priorities for BIA programs based on knowledge of local needs. Selective funding cuts from BIA programs for Alaska Natives subverts this process.

What we ask is that Congress recognize the administration's termination by budget and set aside the proposed 1987 budget. We would like to be treated like any other group of Native Americans, and we would like to be treated in the manner in which Congress has always required of the BIA.

If there must be budget reductions, let us and all other American Indian tribes know how much of a reduction is required. The Congress should establish a national target for reduction of all American Indians and Alaska Natives and then permit us to decide what programs will be affected and in what amounts. We will accept reductions along with other Americans so long as they are equitable and we have a significant role in the decisionmaking process.

What I would like to do is respectfully encourage the members of this committee and your professional staff to review our testimony, primarily focusing on our analysis of the proposed administration's reduction on provisions of services as we have outlined in our attachment.

Second, to review, affirming our rebuttal to the administration's contention, in primarily three areas: One, the impact of the Claims Settlement Act which, for instance, I may cite one thing. In our region, Calista Corp. was only profitable 1 year out of the 14 years and declared a dividend of $20.

Second, we submit to you that there are active Indian tribes in Alaska, and we have conducted and are now conducting relations with the Federal Government with the Bureau, with Indian Health Service, and HUD.

Lastly, as Mr. Williams has ably stated, the State of Alaska is undergoing some major review of where they are standing and probably will not assume services that are being reduced by the Federal Government due to declining oil revenues.

Mr. Chairman, that is the extent of our testimony.

[Mr. Jack's prepared statement, on behalf of the Association of Village Council Presidents, follows:]

Testimony of the Association of Village Council Presidents Concerning Alaska Operations and Activities of the Bureau of Indian Affairs, U.S. Department of the Interior

before the

United States Senate

Select Committee on Indian Affairs

February 18, 1986

presented by Mr. Carl Jack

Mr. Chairman, Members of the Select Committee on Indian Affairs, my name is Carl Jack. I am offering comments on behalf of the Association of Village Council Presidents (AVCP). AVCP is the tribal organization representing the 56 Yup'ik Native communities and 20,000 individual members of the Yukon and Kuskokwim delta region of western Alaska. While AVCP is aware that your hearings are oversight hearings, rather than appropriations hearings, we wish to bring to the Committee's attention some policy considerations addressed in the BIA's FY-1987 budget request. The reason for this is that we believe that the budget is presently being utilized by the Administration as an instrument of significant national policies regarding Alaska Natives which should properly fall within the jurisdiction of your Committee.

The new national policies toward Alaska Natives, as reflected in the Administration's budget request for 1987, signal drastic changes in the relationship between our people and the federal government. The Administration's budget, submitted to the Congress two weeks ago, utilizes fiscal notes on appropriations to make major changes in federal policy that formerly would have been stated in Congressional findings. The Administration states that Alaska Natives have less need for assistance because of economic benefits provided by the Alaska Native Claims Settlement Act of 1971 (ANCSA), and that there are no longer Indian tribes in Alaska, and that the State of Alaska is financially able and willing to replace federal Indian services to Alaska Natives.

None of these statements ~~is~~ are true. Under Section 7(a) of ANCSA, AVCP was required to cause the incorporation of Calista Corporation, our regional profit corporation. Our profit corporation has been profitable in only one out of the last fourteen years. From that profitable year, three years ago, Calista Corporation paid our shareholders a twenty cent per share dividend, or an average of twenty dollars per shareholder. Twenty dollars will not replace assistance provided our people from education, vocational training, health, housing or any other federal Indian programs. Two recent documents, based upon exhaustive hearings and research, offer concrete evidence that ANCSA has not provided any substantive benefits to the vast majority of Alaska Natives.

AVCP respectfully encourages the Members of this Committee and your professional staff to review Village Journey, the report of the Alaska Native Review Commission by Justice Thomas Berger, as well as the Interior Department's 1985 Report to the Congress on ANCSA. Both reports indicate that Alaska Natives, despite ANCSA, remain among the most economically disadvantaged peoples in the United States. The BIA's own 1985 study completely refutes what the Bureau and the Department are now telling the Congress about Alaska Natives and ANCSA. Similarly, observations concerning tribal government in Alaska are unfounded.

The AVCP Region is home to about one-quarter of the Native villages in Alaska. Each of the 56 villages in our region has a viable tribal government in place. Eleven of these villages have tribal governments chartered under the Indian Reorganization Act of 1934, extended to Alaska by the Congress in 1936. The other 45 villages have traditional tribal governments. These tribal governments govern the affairs of our member Native communities. They regularly conduct relations with federal agencies, including the BIA and Indian Health Service and Department of Housing and Urban Development, and most tribal communities have agreements with these agencies which are in effect at this date. Seventeen villages have no state-chartered municipality, and have no intention of establishing state governments because of their intense desire to retain traditional Native government and culture. These tribal governments were unaffected, and even ignored, by the Alaska Native Claims Settlement Act.

Even the Administration's suggestion in the budget document that there are no trust or unrestricted Indian lands in Alaska, outside of Metlakatla, is untrue. Within the AVCP Region alone, there are 2,700 Native Allotments, established pursuant to the Native Allotment Act of 1906, and 800 restricted Native townsite lots, created under the Native Townsite Act of 1926. Apart from the relationship between our 56 member tribal communities and the federal government, the United States has a trust responsibility to more than 400,000 acres of property held by 3,500 restricted property owners in our region.

The Administration also observes that the State of Alaska is willing and able to assume financial responsibility for present federal Indian services to Alaska Natives. As Governor Sheffield and the Alaska ~~Legislation~~ Legislature will confirm, the state is moving to curtail existing programs and forego new state services. Being an oil-producing state, Alaska is facing sharply declining revenues and is making an effort at budget reductions similar to that of the federal government. Even if the state could afford it, the majority of our villages lack water and sewer systems and many basic needs which have yet to be met. In 1983, Congress terminated BIA General Assistance to Alaska Natives. Contrary to the Administration's belief, this has not been replaced by state assistance. Since that termination, a great many village families must now buy heating fuel in five gallon cans, because they cannot afford to buy 50 gallon drums, and they only heat their homes at night despite twenty below temperatures. The loss of $800,000 in annual General Assistance payments in the AVCP Region also means many families must seek community donations and bingo funds to bury deceased relatives because no alternative aid is available.

While we recognize these are not appropriations hearings, we wish to briefly summarize the impact of the Administration's budget request on Native individuals, families and communities in our region. A detailed analysis of this impact is attached for your information. Reductions in the BIA budget, aimed at Alaska Natives, are as follows: College Scholarships, 40%; Adult Education, 100%; Agricultural Extension, 100%; Tribal Operations, 35%; Social Services, 40%; Self-

Determination Grants to Tribal Councils, 18%; Training and Technical Assistance for tribal governments, 54%; Adult Vocational Training, 61%; Direct Employment Assistance, 68%; Road Maintenance, 100%; Agriculture, 56%; Water Resources, 100%; Wildlife and Parks, 12%; Minerals and Mining, 100%; ANILCA programs, 51%; ANCSA Cemetaries and Historical Sites identification, 100%; Housing Improvement (HIP), 36%; Agency Superintendent Operations, 61%; and Agency Administration, 100%.

The reductions, and the continued use of the budget as a policy instrument for termination of Alaska Natives, will have a devastating impact on Native people in the AVCP Region and throughout Alaska. The funds will not be replaced by the state nor by any other source. For example, the reduction in college scholarships will mean that, of 130 Yup'ik college students funded by AVCP with BIA funds, only 78 may be funded next year. 52 existing students will have to be cut from the program and no graduating high school students may be accepted. In most cases, state assistance will be unavailable, as the state now requires a 25 percent cash match for scholarships and village family income will not provide for this because of the current depression in the commercial fishing industry.

Young people seeking vocational careers will also be affected. Currently, with BIA vocational training grants, AVCP is assisting 39 young men and women to become commercial pilots, electricians, plumbers, carpenters, power plant operators, cooks and secretaries. Next year, only 17 may be assisted. The cuts in college scholarships, adult basic education and vocational training will have a long-term negative impact on Native employment in the villages. Young people will no longer be able to become qualified for the few permanent jobs in their home communities. Non-Natives from outside will have to be imported to take jobs which otherwise would have gone to young Natives.

AVCP, like many other tribal organizations in Alaska, has used the self-determination process to enable Native people to become trained and qualified to provide nearly all program services formerly provided by the BIA. Our Realty program, using BIA Realty and ANILCA funds, has recruited and trained 11 qualified Yup'ik individuals to provide services to 3,500 restricted land owners in the region. BIA, in its budget request, cites reduced workload as justification for a 51% cut in ANILCA program funds. Our caseload, at present, has a ten year backlog. Far from becoming lessened, the recent "Fannie Barr" lawsuit settlement will mean an additional 200 cases will be assigned to us this coming year. The settling of land title questions is essential to economic development in the villages and long-term economic self-sufficiency of Native communities.

While AVCP is concerned about each of the targeted programs, we wish to point out the impact of one final activity, the Housing Improvement Program. Last year, the BIA asked us to survey the housing needs in 34 of our member villages. We went house to house in each village, applying the BIA's own standards in evaluating those homes. We have certified that 706 Native families need new housing which is not available from any other source, and that 500 more families need basic repairs to make their homes livable, according to the BIA's standards. At an average estimate of $25,000 for each new home and $2,000 in repairs for each older home, $17,650,000 is needed for new HIP construction and $1,000,000 is needed for repairs. Our current year's allocation for those 34 villages is $320,000. Therefore, we cannot understand how the BIA can request the Congress to reduce next year's allocation to ~~$115,200~~ #204,800, or to about one-half of one percent of the identified need.

AVCP, on behalf of our 56 member villages and 20,000 Yup'ik constituents, asks that this Committee and the Congress resume its rightful role in decid~~ed~~ing federal policy towards Alaska Natives. Very few Alaska Natives have benefited from ANCSA, and the great majority remain economically disadvantaged. Our tribal governments seek good faith dealings and relations with the federal government. The State of Alaska will not and may not assume responsibility for federal Indian programs. Most importantly, the Congress should not permit the Administration to terminate our special relationship with the federal government through the budget process. There is an alternative.

Many years ago, the Congress established a method by which Alaska Natives and American Indians may decide for themselves budget priorities for BIA program services. Through this process, tribal representatives assign funding priorities for BIA programs based on knowledge of local needs. Selective funding cuts in BIA programs for

Alaska Natives subverts this process. What we ask is that Congress recognize the Administration's termination by budget and set aside the proposed 1987 budget. We would like to be treated like any other group of Native Americans and would like to be treated in the manner in which the Congress has always required of the BIA. Certainly, there must be budget reductions. Let us, and all other American Indian tribes, know how much of a reduction is required. Congress should establish a national target for reductions for all American Indians and Alaska Natives, and then permit us to decide which programs will be affected and in what amounts. We will accept reductions, along with all other Americans, so long as they are equitable and we have a significant role in the decision-making process. Thank you for your attention and for the opportunity for us to advise you of our concerns.

Bureau of Indian Affairs FY-1987 Budget Request
Analysis of Alaska-Specific Reductions
Prepared by AVCP Administration
February 5, 1986

NOTE: The BIA FY-1987 budget request, submitted this date to Congress by the President, proposes budget reductions specifically directed at BIA services to Alaska Natives. No other Indian tribes, other than Alaska Natives, are singled out for specific budget reductions. 15 general and trust programs, 2 Alaska programs, 2 management activities (tribal/agency level) and the Housing Improvement program identify specific reductions aimed at Alaska Natives. The following table identifies: (A) FY-1986 Net Appropriations, (B) FY-1987 Administration Budget Request, (C) Total Amount of Reduction {FY-86 Net - FY-87 Request}, (D) Amount of Alaska reduction, (E) Alaska reduction as percentage of total reduction, and (F) Alaska reduction as percentage of FY-86 Alaska net appropriations {FY-1986 Net estimated as 95% of FY-86 requests}. Amounts shown are in thousands of dollars ($0.0). Additional notes on the budget follow the tables.

Program	A	B	C	D	E	F
	FY86 Net Approp.	FY87 Request	Total Red.	Alaska Red.	Ak % of Tot.Red.	Ak Re % FY8
General Operations:						
Scholar-ships	29,203.0	29,916.0	(+713.0)	-1,002.0	Note (1)	40%
Adult Education	3,543.0	3,248.0	-295.0	- 498.0	169%	100%
Agriculture Extention	740.0	685.0	- 55.0	- 42.0	76.4%	100%
Tribal Operations	11,503.0	12,982.0	(+1,479.0)	- 497.0	Note (1)	35%
Social Services	20,908.0	21,198.0	(+290.0)	- 400.0	Note (1)	40%
"638" Grants	11,385.0	7,361.0	-4,024.0	- 400.0	10%	18%

	A	B	C	D	E	F
Training & Tech. Asst.	2,024.0	2,363.0	(+338.0)	- 300.0	Note (1)	54%
Adult Voc. Ed.	19,635.0	18,435.0	-1,200.0	-1,216.0	101.33%	61%
Direct Emp. (DE)	4,151.0	3,421.0	- 730.0	- 517.0	71%	68%
Road Maint.	22,750.0	22,485.0	- 265.0	- 150.0	57%	100%
Trust Operations:						
Agri-culture	20,322.0	19,713.0	- 609.0	- 288.0	47.3%	56%
Water Resources	1,565.0	1,502.0	- 63.0	- 45.0	71.4%	100%
Wildlife & Parks	4,419.0	5,265.0	(+846.0)	- 38.0	Note (1)	12%
Minerals & Mining	1,748.0	1,632.0	- 116.0	- 86.0	74.1%	100%
ANILCA Programs	1,372.0	672.0	- 700.0	- 700.0	100%	51%
ANCSA Cem. & Hist. Sites	1,568.0	00.0	-1,586.0	-1,568.0	100%	100%
Housing:						
Housing (HIP)	19,884.0	13,573.0	-6,311.0	- 797.0	12.6%	36%
Management (Tribal/Agency Operations):						
Executive Direction	7,225.0	7,287.0	(+ 62.0)	- 273.0	Note (1)	61%

	A	B	C	D	E	F
Admin. Services	10,494.0	9,889.0	- 605.0	- 584.0	97%	100%

Notes on Comparative Budget Analysis:

(1) Alaska Natives are targeted in the FY-1987 budget request for reductions in seven programs in which the Administration has requested an increase nationally. These programs are: college student scholarships, tribal operations, social services, training and technical assistance, wildlife and parks, and executive direction (agency superintendent operations).

(2) Budget reductions will also be experienced by Alaska Natives in other programs which are not specifically targeted for Alaska, including national programs in which services to all tribes will be cut. Alaska reductions amount to about 33.26% of national reductions in which Alaska is targeted (see table A-1, below). Additionally, other programs serving Alaska Natives will experience reductions at the same level as other American Indian groups nationally. Further reductions are requested for FY-1987 in four trust programs serving Alaska Natives as well as American Indians (see Table A-2, below).

Table A-1: Summary of OIP (banded) reductions and HIP(*):

FY-1986 Net	FY-1987 Req.	Total Red.	Ak. Red.	Ak./Tot
911,812.0	875,613.0	- 36,199.0	-12,038.0	33.26%

(*) Note: HIP funds are included with banded funds for the purpose of this analysis, although they were removed from the band over tribal objections in FY-1984, because of consistently high tribal priority assigned and identified need. The 1985 needs assessment performed by AVCP for BIA in 34 of 208 villages show 706 Native families need new housing (not available from any other source) and 500 Native families need basic repairs to bring homes to BIA standards. The 1985 survey identifies HIP construction need in those 34 Native communities as $17,650.0K for new construction and $1,000.0K for renovations and repairs. The FY-1986 estimated net appropriation for HIP in those 34 communities is $320.0K.

Table A-2: Reductions in other Trust Programs affecting Alaska

	A	B	C	D
Program	FY86 Net	FY87 Req.	Tot Red.	Red. as % of FY86
Realty Services	15,016.0	14,821.0	- 195.0	1.3%
Appraisals	3,850.0	3,479.0	- 371.0	9.6%
Rights Protection	4,842.0	4,215.0	- 627.0	13%
Natural Resources	1,116.0	1,060.0	- 56.0	5.0%

Mr. TAYLOR. Thank you.

I know that Senator Murkowski intended to be here today. He got delayed in Alaska. I understand he was ill.

We are preparing extensive questions, working with Senator Murkowski's office, to submit to the Bureau. I can assure you that the proposals for Alaska are a matter of very great concern to this committee and I know that they are to the Alaska delegation. I'm sure that your testimony here today is not going to fall on deaf ears.

There may be another question or two from the staff here, though, and, Jane, I know you have a question.

Ms. WRENN. Anyone can answer this or you can all chime in.

Regarding basically the cut to your scholarship program and the elimination of adult education, with the basic statement by the Bureau that it would be reasonable for the State to take these over or that, in the case of scholarships, they are available through Alaska State scholarships and loan programs, has there been, as there was when the BIA day schools were turned over to the State—has there been any consultation or agreement that you know of with the State of Alaska to take over adult education or to increase the number of scholarships available or set aside for Indians and Alaska Native students?

Mr. WILLIAMS. There has been no consultation whatsoever. In fact, there should be a letter from the Governor objecting to the total cuts in the Federal programs for Alaska Natives. I just read that letter yesterday at John Katz' office here in the District of Columbia.

Ms. WRENN. Thank you. One last——

Mr. WILLIAMS. Another thing, while you're on scholarships, they might be under the misassumption of the State loan programs. There is a State loan program for scholarships but it is now bankrupt.

Ms. WRENN. I was out in Alaska this fall and I heard a few things.

The other thing is, Were any of the native villages or any of your organizations consulted on any of these cuts that were done to the band analysis tribal agency programs?

Mr. WILLIAMS. No, that came as a complete surprise. In fact, it was a surprise to the BIA in Alaska. We got some of the internal documents of OMB and Interior even before it got to the BIA in Alaska. The BIA wasn't even aware of what was happening.

Ms. WRENN. That is what we sort of figured, but we want a clean record. Thank you very much.

Pat?

Ms. ZELL. My question is directed to Mr. Clark and Mr. Williams, if you care to respond as well.

As we understand the new IHS policy that affects 638 contractors, 90 percent of non-IHS program income would be offset against the amount that would otherwise be received from the Indian Health Service in direct funding. What is the impact on your programs of that proposal? What do you project the impact to be?

Mr. CLARK. The impact, if I might respond—my name is Robert Clark, and we are a 638 contractor of total IHS hospital service units as well as community service functions that are traditionally provided by many of the tribes throughout the country.

It is a total disincentive, for one. It costs in excess of 20 percent to simply collect the funding right now. We are told to vigorously pursue collections by Congress, IHS, and others. We've done that. Under the proposed system, we could lose 30 percent of our budget. We would have to retrocede the facility back to IHS. There is no way anybody could operate. We can operate much better than any of the IHS facilities because of the third party alternate resources ability. Without that, we are the same IHS. We might as well give it back and go backward to the presixties. That is a really major step backward.

It is all in the form of trying to provide equity. I think they're trying to look for a good way of providing services. OTA and a lot of others have looked at that, the equity of health care brought everybody up to a better level as opposed to bringing everybody down, which is what they are doing now. That is the wrong way of viewing that.

Ms. ZELL. Why does it impact only 30 percent on your program? Why would there not be a 90-percent reduction in the funds available to you to run the program from whatever source?

Mr. CLARK. Let me clarify it. First of all, I collect 100 percent right now. Under this system I only get to keep 10 percent, which is totally wrong. But in addition to all of that, the criteria that they are proposing—and, again, it is in the beginning States, but they would take away any and all alternate resources on top of everything else I have, so I would lose another 30 percent. So I lose all of the Gramm-Rudman and I get all the rescissions, and I get all these other cuts. You just can't do it. It is totally wrong. I don't know where they get these thoughts.

It's everywhere. It is not just Alaska. It is all the Indian programs. They are really well affected by that.

Why do you have 638? I don't know why you have trust responsibility and all our special relationships if you let OMB and the administration do these craziness things that they are doing. They don't make any sense.

We are trying to help the Government by doing our own thing, making the best we can, making use of available resources, but we can't do that now. There is no incentive. There is nothing. The State's cutting back. Everybody's cutting back.

Ms. ZELL. Mr. Williams, did you want to respond to that at all?

Mr. WILLIAMS. No.

Ms. ZELL. Thank you very much.

Mr. TAYLOR. I have no further questions for the panel. I understand that some of you may be meeting with Senator Murkowski tomorrow. I'm sure that will assure a proper followup by this committee with the Department of the Interior and Indian Health Service.

Thank you very much.

Ms. KITKA. Mr. Chairman, I would like to mention, if after your hearing is over there are additional questions that you would like from this panel, we would be pleased to try to get answers in writing back to you as soon as possible.

Mr. TAYLOR. Thank you very much.

Ms. **Kitka**. Thank you.

Mr. **Taylor**. Our next witness is Keith Jewett with the Cheyenne River Tribe, speaking for the Aberdeen Area Tribal Chairmen's Association.

STATEMENT OF KEITH JEWETT, CHEYENNE RIVER TRIBE; REPRESENTING THE ABERDEEN AREA TRIBAL CHAIRMAN ASSOCIATION, ACCOMPANIED BY RICHARD LaFROMBOISE, NATIONAL TRIBAL CHAIRMANS ASSOCIATION

Mr. **Jewett**. Mr. Chairman, on behalf of the Aberdeen Area Tribal Chairmans Association, we will be submitting a written testimony. Mr. Murphy could not attend, and Mr. LaFromboise is also going to join me.

Mr. **Taylor**. Before you commence, Richard, are you going to be speaking on behalf of NTCA or——

Mr. **LaFromboise**. I am just helping out Mr. Jewett at the present time because I am one of the board of directors of the Aberdeen Tribal Chairmans Association. We just had a meeting here a couple of weeks ago, and Mr. Jewett is hoping that it's fresh on my mind because——

Mr. **Taylor**. I just wanted to know how to follow our witness list here. I assume you will come back up.

Mr. **LaFromboise**. Yes, I will.

Mr. **Jewett**. I will be very quick.

It is a pleasure and an honor for me to represent the Indian cattleman and farmer today. And as assistant chairman of the Cheyenne River Sioux Tribe, I believe I carry a significant message to the Congress and to the people today. To me, that signal is clear: if financial assistance is not directly made available to the Indian livestock operator, the tribes within the Aberdeen area will suffer severe losses of their trust lands, their territorial boundaries; the tribes will lose literally millions of dollars of lease incomes; and the tribes affected will be forced to consider the shutdown of tribal government.

I submit that if 1 acre more is taken from the tribes through a forced liquidation or foreclosure sale that genocide is taking place in Indian country. I submit that I represent a good people that welcomed the first settlers to this land; and I submit that a treaty was made with me, as a tribe and as tribes collectively; and finally do I submit that it was not the intent of the United States Government to destroy my homeland and action must be taken to stop this drain of the tribes' resources. The Indian rancher, like the tribes, has a prior and treaty right to the land.

However, like the small farmers and ranchers everywhere, Indian ranchers are facing a crisis that threatens their ability to continue operations. I know that you are all too familiar with the market forces that created this crisis: high interest rates, falling prices of agricultural products, and unfortunate weather patterns have forced many operators into bankruptcy.

For example, on the Cheyenne River Indian Reservation in 1982 there were 264 Indian ranchers; today there are 65. Today this tribe is without $500,000 of tribal income because the Indian rancher is unable to pay his leases. This same problem was equally as serious on the Standing Rock, Rosebud, Crow Creek, and the Lower Brule. The North Dakota and Montana tribes have indicated similar conditions.

While the problems confronting Indian operators in many respects are the same as those confronting their non-Indian counterparts, in other respects they are more severe. Credit sources ordinarily available to non-Indian operators are not and have not been available to Indian operators. Delays and problems inherent in the trust status of Indian property, an unjustified distrust of tribal laws and tribal justice systems, and the historic lack of contact between Indians and non-Indian lending institutions have resulted in private lending sources being virtually unavailable to Indian operators.

The result is that Indian ranchers are forced to rely almost wholly on the various Federal loan programs that exist for small agricultural businesses. The 13 tribes of the Aberdeen area, for example, had 1.75 million acres of tribal and individual trust property encumbered by income assignments and mortgages as of September 1984. Of this total, 1.42 million acres are under mortgage to the Farmers Home Administration, 110,542 acres are mortgaged to the Federal Land Bank of Omaha, and 41,790 acres are under mortgages to the Production Credit Association. Thus, of the 1.75 million acres under income assignment or mortgage on these 13 reservations, 1.5 million acres are accounted for by these three Federal agencies. In contrast, only 52,000 acres are encumbered by mortgages from commercial banks.

The Cheyenne River Sioux Reservation epitomizes the problem. Nearly 300,000 acres of Indian land now are mortgaged: 156,709 to Farmers Home Administration, 46,388 to the Federal Land Bank, and 23,415 to the Production Credit Association. Only 7,710 acres are mortgaged to private and commercial lenders.

As the farm economy has worsened, the owners of the majority of these lands look down the barrel of liquidation and foreclosure. The statistics as presented tell a grim story. The once independent rancher is forced to leave his homesite and move to the once popularized cluster sites—populized, I might say, by Secretary Watt's comments several years ago. There is moral and social decay on reservations because of the economic decay caused by the loss of the tribes' economic base, and this problem, Mr. Chairman, will get worse.

During the middle and late 1970's Federal loan moneys from the Farmers Home Administration flowed freely on the reservation. FmHA was financing applicants whose sole qualifications for ranching was that they could hold a lease and owned land. We were eager to avail ourselves of any opportunity to escape generations of poverty; we rushed into the ranching business, assuming huge debts in the process.

FmHA and the BIA failed to analyze the qualifications of applicants and the feasibility of their farm plans. One Federal agency loaned the money and the other Federal agency approved the trust mortgages, and both failed to provide technical assistance to its lendees, resulting in the operator incurring unnecessary costs and further debt. This is especially apparent during the drought years of the seventies. FmHA disaster loans were made with BIA approval by the basketloads. They, FmHA and BIA, continued to loan money to these operators until debt burdens got completely out of hand.

The Bureau of Indian Affairs at this time today lacks the resources necessary to provide any meaningful assistance. The irony of that is that if the BIA took its trust obligation seriously, many of the FmHA disaster loans of the 1970's would not have been made. The BIA, however, did sign out of trust these loans and lands without proper cash flow evaluations. Today the Assistant Secretary is saying, "You played; now you pay." It seems out of character for the Bureau to take a posture like that when only 86 years ago the BIA's standard issue was a good team, a walking plow, a mower, and a rake.

Indian agriculture once was the greatest priority of Federal Indian policy. The allotment policy which held sway for 50 years was rooted in the fact that Indian lands and people were best suited to agrarian economies. The allotment policy failed due to the Government's failure to devote adequate resources and technical expertise to first-time ranchers. When monetary resources finally became available in the 1970's, technical assistance still was unavailable and first-time Indian ranchers were doomed to failure. Never has adequate financial assistance and technical assistance been available simultaneously to Indian ranchers. FmHA assistance, therefore, which once seemed a god-send to Indian agriculture, now threatens its destruction.

If Indian ranchers go under in large numbers—probably the most important part of the testimony, Mr. Chairman—tens of thousands, perhaps hundreds of thousands, of acres will pass from Indian ownership and private Indian economic activity on the reservation will virtually cease. Tribal government, which is largely dependent on income from grazing leases on tribal land, will be unable to function at the current levels, let alone meet the increased need for social services which will result from a wave of ranch bankruptcies. FmHA and other Federal lenders will come into possession of lands, the values of which are nowhere near the debts owned them. This sequences, which is already underway, serves the interest of no one.

The task, Mr. Chairman, then, is to find a means by which Indian operators can be restored to solvency at minimal cost to the Government. Yet, in my mind, I come to you today as a representative of one of the Indian nations speaking on behalf of tribes. Their dreams are in agriculture. We have no land suited for anything else. And I know or feel that I am a forgotten stepchild of the Federal-Indian relationship. On the other hand, I still have a treaty. The treaty apparently doesn't mean anything to the Federal Government today.

We offer several different plans, Mr. Chairman. Tribes need to revitalize, for example, the long-dormant revolving cattle pool which was once administered by the Bureau of Indian Affairs. This is basically the PIK program. It is simply payment in kind.

Cooperative agreements be made between the various agencies—Farmers Home Administration, Production Credit Associations, Federal Land Bank, Bureau of Indian Affairs, and Small Business Administration—those agencies currently holding title to endangered trust lands in an effort to restructure, re-amortize, set aside, or even in some cases write off existing debt on these lands in the interest of tribal government preservation.

The Congress direct the Bureau of Indian Affairs and the other involved agencies, with the support and involvement of the tribes, to secure these ends.

I thank you on behalf of the tribes and on behalf of the many Indian ranchers.

I also submit, Mr. Chairman, the backup documentation and the copy of the Aberdeen Area Task Force on Agriculture's recommendations which will be presented for the record.

[Mr. Jewett's prepared statement, on behalf of the Aberdeen Area Tribal Chairmans Association, entitled "The American Indian Cattle Operator," and the aforementioned attachments, follow:]

PREPARED STATEMENT OF KEITH JEWETT, ON BEHALF OF THE ABERDEEN AREA TRIBAL CHAIRMANS ASSOCIATION

The American Indian Cattle Operator

Comments prepared for the Senate Select Committee on Indian Affairs

Honorable Senators: It is pleasure and an honor for me to represent the Indian Cattleman and Farmer today. And as Assistant Chairman of the Cheyenne River Sioux Tribe I carry a significant message to the Congress of the United States and to the people of America. And that signal is clear, if financial assistance is not directly made available tp the Indian Livestock Operator the Tribes within the Aberdeen Area will suffer severe losses of their TRUST lands; their territorial boundaries, the Tribes will lose millions of dollars of lease incomes and the Tribes affected will be forced to consider the shut down of Tribal Government. I submit that if one acre more is taken from the Tribes through a forced liquidation or forcloresure sale that genocide is taking place. I submit that I represent a group of people that welcomed the first settler to this land , I submit that a treaty was made with me, and finally do I submit that it was not the intent of the United States Government to destory my homeland and that action must be taken to stop this drain of the Tribe's resource. The Indian Rancher like the Tribes have a prior and treaty right to the land.

However like small farmers and ranchers everywhere, Indian Ranchers are facing a crisis that threatens their abiltiy to continue operations. I know that you are all to familiar with the market forces creating this crisis. High interest rates, falling prices for agricultural products and unfortunate weather patterns have forced many operators into bankruptcy. For example, on the Cheyenne River Indian Reservation in 1982 there were 264 Indian Ranchers today there are 65. Today this tribe is without 500,000.00 because the Indian Rancher is unable to pay his leases. This same problem is equally as serious on the Standing Rock, Rosebud, Crow Creek, and the Lower Brule. The North Dakota and Montana Tribes have indicated simular conditions.

While the problems confronting Indian operators in many respects are the same as those confronting their non-Indian counter-parts, in other respects they are much more severe. Credit sources ordinarily available to non-Indian operators are not and have not been available to Indian operators.

Delays and problems inherent in the trust status of Indian property, an unjustified distrust of tribal laws and tribal justice systems, and the historic lack of contact between Indians and non-Indian lending institutions have resulted in private lending sources being virtually unavailable to Indian operators.

The result is that Indian ranchers are forced to rely almost wholly on the various federal loan programs that exist for small agricultural businesses. The thirteen Tribes of the Aberdeen Area, for example, had 1.75 million acres of tribal and individual trust property encumbered by income assignments and mortgages as of September of 1984. Of this total 1.42 million acres are under mortgage to the Farmers Home Administration, 110,542 acres are mortgaged to the Federal Land Bank of Omaha, and 41,790 acres under mortgages to the Production Credit Association. Thus of the 1,750,352 acres under income assignment or mortgage on these thirteen reservations, 1,572,919 acres are accounted for by these three federal agencies. In contrast, only 52,938 acres are encumbered by mortgages from commercial banks.

The Cheyenne River Sioux Reservation epitomizes the problem. Nearly 300,000 acres of Indian Land now are mortgaged, 156,709 to Farmers Home Administration, 46,388 to the Federal Land Bank and 23,415 to the Production Credit Association. Only 7,710 are mortgaged to private and commerical lenders.

As the farm economy has worsened, the owners of the majority of these lands look down the barrel of liquidation. The statistics as presented tell a grim story. The once independent rancher is forced to leave his home site and move to the once popularized "cluster sites". Today Secretary Watt's condition statement is true. There is moral and social decay on reservations because of the economic decay caused by the loss of the Tribes economic base, and it will get worse.

During the middle and late 1970's, federal loan moneys from the Farmers Home Administration flowed freely on the reservation. FmHA was financing applicants whose sole qualifications for ranching was they could hold a lease and owned land. We were eager to avail ourselves of any opportunity to escape generations of poverty, we rushed into the ranching business, assuming huge debts in the process.

FmHA and the BIA failed to analyze the qualifications of applicants and the feasibility of their farm plans. One agency loaned the money and the other agency approved the trust mortgages, and both failed to provide technical assistance to its lendees, resulting in the operator incurring unnecessary costs and further debt. This is especialy apprent during the drought years of the 1970's. FmHA diaster loans were made with BIA approval by the basket loads. They (FmHA & BIA) continued to loan money to these operators until debt burdens got completely out of hand.

The Bureau of Indian Affairs at this time lacks the resources necessary to provide any meaningful assistance. The irony of that is that if the BIA took its trust oblication seriously many of the FmHA diaster loans of the 1970's would not have been made. The BIA did sign out of trust these loans without proper cásh flow evaluations. Today, the Assistant Secretary is saying, "you played now pay". It would seem out of character for a posture like that when only 86 years ago the BIA's standard issue was a good team, a walking plow, a mower, and a rake?

Indian agriculture once was the greatest priority of federal Indian policy. The allotment policy which held sway for fifty years was rooted in the fact that Indian lands and people were best-suited to agrarian economies. The allotment policy failed due to the governments failure to devote adequate resources and technical expertise to first time ranchers. When monetary resources finally became available in the 1970's, techincal assistance stll was unavailable and first time Indian Ranchers were doomed to failure. Never has adequate financial assistance and technical assistance been available simultaneously to Indian Ranchers. FmHA assistance therefore, which once seemed a god-send to Indian agriculture now threatens its destruction.

If Indian ranchers go under in large numbers, tens of thousands, prehaps hundreds of thousands of acres will pass from Indian ownership and private Indian economic activity on the reservation will virtually cease. Tribal Government, which is largely dependent on income from grazing leases on Tribal Land, will be unable to funciton at current levels, let alone meet the increased need for social services which will result from a wave of ranch bankruptcies.

FmHA and other federal lenders will come into possession of lands, the values of which are nowhere near the debts owed them. This sequence, which already is under way, serves the interests of no one.

The task, then, is to find a means by which Indian operators can be restored to solvency at minimal cost to the government. Yet in my mind, I come to you today as a representive of one of the Indian Nations speaking on behalf of Tribes, their dreams are in agriculture, we have no land suited for anything else. And I know or feel that I am a forgotten step-child of the Federal-Indian relationship...I have a treaty.

We would offer the following plan. That the Tribes need to revitalize the long dormant Revolving Cattle Pool that was once administrated by the Bureau of Indian Affairs. This cattle pool could be started by utilizing the diary buy out program and would provide adequate recapitalization for many of the operators facing a credit emergency. It simply is the repayment in kind program. That cooperative agreements be made between the various agencies, Farmers Home Administration, Production Credit Assocations, Federal Land Bank, Bureau of Indian Affairs, and Small Business Administration currently holding title to endangered trust lands in an effort to re-structure, re-amortize, set aside or even in some cases write off existing debt on these lands in the interest of Tribal Government peservation. And that the Congress direct the Bureau of Indian Affairs and the other involved agencies with the support and involvment of the Tribes to secure these ends.

I thank you for the time on behalf of the Tribes and on behalf of the many Indian Ranchers.

Keith Jewett

Keith Jewett, Assistant Chairman
Cheyenne River Sioux Tribe
Aberdeen Area Chairmans Association

Trust Lands presently under mortgage in the Billings Area

Agency	Individual Loans	Acres	Total	PCA	FmHA	Banks	FLB	ALACC	CCC & SBA	Tribal Credit Program loans	Acres
Blackfeet	152	113,567	$17,838,456	$5,980,990	$6,579,270	$3,229,896	$2,048,300	$		$1,421,524	10,368
Crow	140	99,703	$ 9,016,111	315,550	1,614,744	4,458,345	2,414,500	211,862		835,730	11,577
Flathead	35	8,118	$ 2,173,559	412,497	909,236	207,326	644,500				
Fort Belknap	175	70,415	$ 7,628,604	781,954	4,416,923	943,437	1,486,290			898,689	8,319
Fort Peck	21	29,393	$ 5,490,546	796,139	1,654,540	636,660	2,297,799	76,398	39,010	1,092,640	6,799
Northern Cheyenne	33	12,655	$ 3,076,037	1,656,902	1,226,130	-0-	-0-	193,005		417,037	3,000
Wind River	17	1,696	$ 898,116	-0-	295,230	395,286	205.500			669,943	427
Non-Bureau Lenders	573	335,547	$46,121,429	9,935,142	16,696,073	9,873,050	9,096,889	481,265	39,010	5,335,563	40,490
Revolving Credit Loans		40,490	$ 5,335,563								
Total Individual Mortgages		376,037	$51,456,992								

TRIBAL LAND ACQUISITION LOANS

FmHA	Acres	Amount	BIA Revolving Fund	Loan Amount - No Real Estate Mortgage
Blackfeet	56,515	$4,891,000		$1,100,000
Crow	39,834	$4,548,000		970,000
Fort Peck	68,692	$6,000,000		
Northern Cheyenne	9,464	$ 250,000		926,950
Wind River	10,139	$2,500,000		
	184,644	$18,189,000		$2,996,950

FINANCING GENERATED FROM MORTGAGES
OF TRUST LAND IN THE ABERDEEN AREA
RECAP

AGENCY	TOTAL MORTGAGE	TOTAL AMOUNT	NO.	PRIVATE LENDERS	NO.	PCA	NO.	FHA	NO.	COMMERCIAL LENDERS (Banks)	NO.	FLB	NO.	AIACC	NO.	SBA
Cheyenne River	169	$13,027,855.71	1	$78,000.00	34	$4,645,362.41	103	$6,866,288.34	13	$596,182.88	11	$412,000.00	1	$55,002.08	6	$375,020.00
Crow Creek	17	543,380.00	0	-0-	0	-0-	14	490,780.00	0	-0-	3	52,600.00	0	-0-	0	-0-
Lower Brule	5	136,700.00	0	-0-	0	-0-	4	108,700.00	0	-0-	1	28,000.00	0	-0-	0	-0-
Fort Totten	1	2,700.00	0	-0-	0	-0-	1	2,700.00	0	-0-	0	-0-	0	-0-	0	-0-
Winnebago	0	-0-	0	-0-	0	-0-	0	-0-	0	-0-	0	-0-	0	-0-	0	-0-
Sisseton	8	162,037.34	0	-0-	0	-0-	5	91,810.00	1	3,000.00	0	-0-	1	27,227.34	1	40,000.00
Rosebud	39	1,480,383.72	0	-0-	0	-0-	18	664,830.00	20	809,553.72	1	6,000.00	0	-0-	0	-0-
Yankton	28	809,340.00	1	5,000.00	0	-0-	20	329,140.00	7	475,200.00	0	-0-	0	-0-	0	-0-
Turtle Mountain	23	415,700.00	0	-0-	0	-0-	16	234,650.00	3	106,050.00	1	9,000.00	0	-0-	3	66,000.00
Standing Rock	117	3,399,619.20	0	-0-	1	24,099.88	103	3,019,656.52	6	36,617.50	5	185,022.58	2	134,222.72	0	-0-
Fort Berthold	235	12,292,552.44	0	-0-	0	-0-	209	11,230,671.55	18	370,422.50	6	622,800.00	1	23,658.39	1	45,000.00
Pine Ridge	233	8,036,185.64	5	93,800.00	16	1,096,142.51	106	3,714,111.79	69	1,286,310.24	31	1,554,900.00	2	75,921.10	4	215,000.00
Totals	875	$40,306,454.05	7	$176,800.00 (1%)	51	$5,765,604.80 (14%)	599	26,753,338.20 (66%)	137	3,683,336.84 (9%)	59	2,870.322.58 (7%)	7	316,031.63 (1%)	15	741,020.00 (2%)

ABERDEEN AREA
TASK FORCE RECOMMENDATIONS

A meeting of the Aberdeen Area Credit Task force was held on January 8, 1986 in Rapid City, South Dakota. Following is a summary of the actions required to put the Indian Agricultural Credit Program in perspective and allow the Bureau of Indian Affairs to exercise the trustee role over Indian Trust lands currently mortgaged to outside lenders. These lands are subject to foreclosure due to the delinquent status of many of the borrowers. The problems that caused these delinquencies are many and varied but not too much different from the problems in Agriculture faced by all farmers and ranchers in our nation today. However many alleged actions taken by FmHA during the history of these individual loans appear to be arbitrary and capricious thereby contributing significantly to the defaults on these loans.

1. All affected tribes in the Billings and Aberdeen Areas pass resolutions requesting a moratorium on Indian Trust land foreclosures, pending a meeting between the Secretary of Interior and the Secretary of Agriculture to resolve disposition of Indian loans from Federal Government (FmHA).

2. Secure passage of like resolutions from Billings and Aberdeen inter-tribal groups (MITPS-UST).

3. Arrange a meeting with Assistant Secretary Ross Swimmer in Bismarck, North Dakota preferably on January 23, 1985 for the purpose of presenting the Indian Credit issue and proposals for resolutions by the Tribal leaderships.

4. Prepare backup and support data to be used in making the presentation to the Assistant Secretary and others as necessary. These items will be one page "bullets" statements to identify the problem issues and proposed actions to mitigate the impacts to provide resolution.

    A. Update data spread sheets showing Billings and Aberdeen trust land mortgages and status of these loans.

    B. Proposal for transferring all or at least the problem loans FmHA hold to the BIA at fair market value of Collateral.

    C. Support legislation to amend the Indian Financing Act to provide for an Agricultural lending title with funding amounts identified for Agricultural Loans.

D. Upgrade the BIA Credit staff at all BIA levels with special emphasis on the Agency credit and loan servicing capability for Agricultural lending.

E. Identify and make available funding at the Agency level for short term agricultural production loans.

The short term production loan program proposed was discussed and a concensus was reached that a program of this type could be put in place if funding and loan authority were made available to the respective BIA agencies. It was further agreed that a short term lending program should have the following provisions:

1. Approval of Area of Agency level preferably at the Agency level.
2. Amount not to exceed 20 thousand dollars.
3. Repayment of total loan in production year.
4. Mortgaged borrowers be allowed to use a subordination agreement.

Kenneth Fredericks was appointed to Coordinate the activities and make the materials available to President Newton Cummings for use in making a presentation to Secretary Swimmers and others as necessary to seek relief and implementation of the recommendations.

Meeting adjourned with commitment by all to support the effort and continue the task force activities as long as necessary to make the needed program for Indian Agriculture.

TASK FORCE RECOMMENDATION
ON SHORT TERM
PRODUCTION LOANS

ISSUE: The task force has been told in open meetings by members of the banking community that they are no longer making agricultural loans to Indians. Reasoning was based on the jurisdictional issues involved in collections when borrowers were in default. Further, the primary lenders such as FmHA have been able to put borrowers in default by simply creating enough paper work obstacles so that their clients who need operating funds get help too late or not at all. The result is that currently over 70% of our Indian farmers and ranchers are without credit resources to keep their operating units in production.

RESULT: Indian operators are unable to pay leases creating hardships on tribes and individual Indians who depend on this income.

Indian loan clients are not able to maintain full production and thereby the default amount on their loans increases.

RECOMMENDATIONS: The Assistant Secretary of Indian Affairs make available to agencies loan funds to be used for production loans under the following four points.

1. Approval of loans be granted to the agency superintendent.

2. Amount of loans not to exceed 20 thousand dollars to any one borrower.

3. The borrower must show ability to make repayment in the current production year and loan repayment scheduled accordingly.

4. Borrowers who have mortgages with other lenders be allowed to secure subordination from secured interest to pay production loan first.

TASK FORCE RECOMMENDATION ON UPGRADING BIA AGRICULTURAL CREDIT CAPABILITY

ISSUE: The Aberdeen and Billings Area credit programs are currently experiencing a serious shortfall in funding and qualified personnel necessary to carry out the mission of the Bureau's credit program. Without any reprogramming of funds available to Indian programs of the Bureau we will be forced to reduce the personnel in an operation of the Bureau where a severe shortage of qualified personnel currently exists. The most acute shortage is at the Agency and Area levels where the need is most evident.

RESULT: The Bureau of Indian Affairs' credit program is unable to conduct a worthy agricultural credit program when the need is paramount due to the present crisis in the national agricultural economy. Other lenders to whom the Bureau has relegated the trust services of credit operations are now turning their full time and attention to their primary concern which is the non-Indian borrowers. The FmHA is also involved in a large percentage of the Indian agricultural loans where trust lands are pledged as security, these loans that are in default will be foreclosed upon and the trust lands converted to fee patent lands. It is expected that these lands will be sold to non-Indians. The net result would be yet another reduction of the trust land base of our reservations.

RECOMMENDATION: The Assistant Secretary review the program priorities in the Bureau's Indian programs operation budget to determine if some of the more highly funded programs could be deferred to make funds available to this important priority of our tribes. We note that we no longer are in an energy crisis and the agreements with United States Geological Survey and Bureau of Mines could be scaled down without serious impact. We are also aware that approximately 5 million dollars of economic development funds were reprogrammed in FY'85 to meet shortfalls in social services funding. We feel this is a very high priority of the Bureau of Indian Affairs and should be dealt with in such manner. In short we feel that the Bureau should re-establish a substantial capability for agricultural credit operations, after all most of the Indian trust land is classified as agricultural land to be used for dry land farming or livestock grazing. Without credit the Bureau can only hope to lease these lands to non-Indians.

TASK FORCE RECOMMENDATION
ON REAUTHORIZATION OF INDIAN FINANCING ACT

ISSUE: Although an Aberdeen Area Credit Task Force member testified before the Senate Committee on the reauthorization of the Indian Fianance Act and most of his recommendations were incorporated in the Act, we have not evidenced any meaningful change in the Bureau's attitude regarding credit services to Indian loan applicants who apply for agricultural business loans. In fact we are aware that out of 200 million in IFA loans only 4% are agriculture related and most of this is in bigger loans to tribal enterprise operations. We expect the IFA to expand in the area of Indian agricultural credit.

RESULT: Indian agriculturalists, without any stable source of production credit, will not be able to maintain production levels required of them to provide funds for their longer term loan and interest payments. Foreclosure of most operators would be the result with non-Indians buying up the newly deeded lands and more Indians would be on the social services register of the Bureau and States. Increased crime and violence would most likely occur with the greater number of idle persons.

RECOMMENDATION: The Assistant Secretary of Indian Affairs declare Indian agriculture the highest priority of the Indian Financing Act. In the matters where authority is lacking or funding is insufficient the Assistant Secretary seek legislationa to provide the required authorities and funding. That funds and loan authorities be secured so that the IFA can serve Indian agriculture needs to meet the present crisis and provide for long term growth and development under Indian ownership. The Bureau of Indian Affairs should be involved in providing technical assistance and management services when necessary to insure sound business practices and promotion of successful operations.

RECOMMENDATIONS ON TRANSFERRING FARM HOME ADMINISTRATION LOANS TO BIA CREDIT PROGRAM

ISSUE: Under authorities granted in 25 U.S.C. 483a and resultant policy changes the Bureau of Indian Affairs has been able to effectively transfer the burden of Indian agricultural credit to other lending institutions. The most dominant of these is a sister agency in the Agriculture Department, the Farm Home Administration. The FmHA has a large number of Indian loans secured by trust land that are in the process of default actions. The extent between the Billings and Aberdeen Areas amount to close to one million acres. The FmHA and the BIA need to understand all the underlying technical arguments that have to be overcome to avoid a class action lawsuit should foreclosure actions be brought.

RESULT: If FmHA proceeds with foreclosure under 25 U.S.C. the Indian clients will most likely initiate a lawsuit against the Bureau of Indian Affairs and the Farm Home Administration. This lawsuit could be a class action with probable merit. We would expect a long drawn out battle in the court system and in a worst case analysis would lose a considerable amount of our trust land base. The threat of violence is always present in proceedings of this sort as evidenced by current national events where clients and lenders disagree.

RECOMMENDATION: The Assistant Secretary of Indian Affairs arrange for a meeting of the Secretaries of Agriculture and Interior to address the possible foreclosure actions on Indian trust lands. Pending this meeting and resolution to the issue a moritorium on involuntary trust land foreclosure be imposed by joint secretarial decree. The administrative transferring all trust land mortgage portfolios to the BIA Credit Program be a solution advocated by our trustee. This will provide for transfers at fair market value of collateral and give the BIA Credit the options it requires in future decision making on the loans. The Assistant Secretary of Indian Affairs provide funds for the Task Force to research this issue, so that the decisions are made from a consultative viewpoint and are supported by documentation.

Mr. **Taylor**. Thank you very much, Mr. Jewett.

Mr. LaFromboise, do you have anything to add to Mr. Jewett's statement?

Mr. **LaFromboise**. Mr. Chairman, you can tell why he asked me to sit up here. He is talking about the farmers out there in the Aberdeen area tribal area. I am sure that some of them are going to be a little excited about some of the other matters. I would like to cover a few of those, if possible. However, I know that it is very nice to testify before this group because I have the good Senator Andrews from North Dakota that sits here and asks questions, and the eyes and ears, I know, of both he and Senator Burdick are present here today from North Dakota. I know that the South Dakota Governor, or legislators, if I could get to Mr. Abdnor and Mr. Daschle, are changing their opinion of the Gramm-Rudman; we might be able to improve some of the conversation just covered by Mr. Jewett.

One little added feature to Mr. Jewett's statement, and it would reflect the potato growers of the State of North Dakota. That is, under the PIK Program, that the present situation is that a grain grower may not increase his crop size as far as grains are concerned; however, he may be able to grow vegetables. So in the upcoming year, with all the people having problems in the farm economy as far as grain producing, there may be a possibility that we're going to be flooded with a potato crop in the upcoming years.

Just one added feature to the farmers' situation: We have probably one-half of the Indian farmers in North Dakota at Turtle Mountain, and right now they are experiencing the worst time ever.

I would only complement the statements by Mr. Jewett. However, there are some very major issues in the Aberdeen area. I presented to one of your staff members, Ms. Zell, a copy of what we think is the ideal copy which every area should have considering and concerning budgets that are put together in areas and then accumulated at a national level.

We asked this on behalf of the Aberdeen Area Tribal Chairmans Association 3 years ago, but that director at that time did not have the ability to put it together, or whatever. Since then, we have been able to acquire the capability, at least on the Indian Health Service side, to put together some of the facts and figures. Hopefully, it will be of use not only to your committee, but also to the Indian people in the field when testifying before you.

You will find probably in the Indian Health Service area the biggest problem that we have in the Aberdeen area, and that is our location, our isolation, the stress factor such as the climate. It seems, though, that whenever bad times come upon us, such as the present time, we seem to be able to band together—15 Sioux and 1 Chippewa—to make some kind of a peace and to step forward and give one voice.

The voice that we are saying at the present time is that under the present Gramm-Rudman-Hollings situation and the rescission situation, if there is anything good to be said about Gramm-Rudman, it's better than the rescission as far as the Aberdeen area Indian Health Service is concerned.

Under the Gramm-Rudman situation plus the rescission, we have, of course, in South Dakota the Roadbud project, the Wagner project, and the Ft. Thompson project. All three of those would be wiped out should those take effect.

Under the community health representatives' side in the Aberdeen area, it would then face a 44-percent cut. Quite frankly, that would be at the end of April for the CHR Program, community health representatives.

Now we have facts and figures substantiated by accountants and people that do figure chasing to find that the CHR's in the Aberdeen area over the last 5, 10, 15 years, since their inception, have cut the actual cost to contract health to Indians in that area by some 17 percent. Now that 17 percent is all preventative health care. It makes good sense to catch a person that is sick the first day than after having them in the third or fifth day of sickness and the hospital time is tripled or quadrupled.

We have in the Aberdeen area the highest mortality-morbidity rate in the Indian Health Service. Why? Quite possibly because of isolation; quite possibly because of the conditions that we live in.

We are asking for an increase in those areas concerned. At the present time we are also endorsing the concept of elevating the Indian Health Service to its own level, so that the decisionmaking that comes to the field will be heard more readily.

As far as the Bureau of Indian Affairs side of the docket in the Aberdeen area, there are a number of areas that concern the Indian tribes. No. 1 is the indirect cost rate that is being dealt with the tribes. It seems like that is our eventual bankruptcy clause as far as tribes and their operation.

There does not seem to be at this present time a guaranteed system in which a tribe can start the year and finish it with an honest word from the Government as to how much the indirect cost rate is set at.

In that area of concern, we also have two community colleges that are being affected by that decisionmaking process in the Aberdeen area, and one is Rosebud and one is Turtle Mountain. Those two colleges were put on the bands of the respective tribes, and at the present time the administration is playing patsy with us as to whether we are entitled to the indirect cost or not entitled to the indirect cost because it's on our band and we contracted for it. So either we contracted for it or we didn't.

As to the housing, I heard the fine gentleman say he was pleased to turn $18 million back to the Treasury. That in the Aberdeen area would provide 300-plus homes to some of our Indian people that are sitting out there.

Mr. **Taylor**. I might just observe that we have some followup questions for him on that which we intend to send down.

Mr. **LaFromboise**. All right, good.

At the present time the pipeline, for example, as to developing a house does not take 3 to 5 years, as the administration seems to have obstructed it to be, but that it takes approximately 103 days, for example, to the pipeline for Turtle Mountain. Now that is totally unfair, I think, to bully around the smaller tribes and say that they have 30 or 50 houses waiting just because some architect doesn't get his work done or because somebody in their administration department does not like an architect or does not like a housing authority.

As to the irrigation, as to the water facilities in the Aberdeen area, we're totally undermanned in that area. I heard the Senator ask a question about who is responsible for the facilities to homes. In the Aberdeen area, for example Turtle Mountain, the tribe that I am more professional in speaking about, is one of those tribes that has homes without water to them. The Indian Health Service——

Mr. **Taylor**. Are these HUD homes?

Mr. **LaFromboise**. No; the ones that are truly affected are, for example, the Indian Health Service put in a waterline throughout the reservation, a rural waterline. Now there are 956 hookups and, of those 956 hookups, approximately 160 of them do not have facilities to them. These are homes that were in place; the Indians have lived there for years and years. They are not HUD homes. There is a misconception out there. Everybody thinks that a home on the reservation is a HUD home. Some people have built their own homes or acquired their own homes by figuring out some method of doing it.

What is totally irresponsible, I believe, in this kicking back and forth between HUD and IHS the responsibility of providing waters to homes is out of character because the homes that are there do not furnish the facilities for people; they still have the outhouses. Under the present situation as to sanitation on reservations decreasing the so-called spread of disease and what-not, I believe that Indian people are entitled to some type of running water.

As to the housing, the Housing Improvement Program in the Aberdeen area is probably the most poorly run project in the country as far as providing assistance to Indian homes on Indian reservations.

Today it is pretty close to the first of March, and the Turtle Mountain tribe, for example, still does not have its Home Improvement Program completed and finished with the Aberdeen area office.

These types of things are continually being carried out not necessarily just on my tribe, but on the tribes in that area. It is an injustice, I believe, not on BIA's side, but on the Indian Health Service side, to perform in such a manner.

Mr. **Taylor**. Thank you very much.

I could make a few observations, Mr. Jewett. I know with respect to the cattle situation in the Aberdeen and the Billings area we have taken an active interest in that and we are at least able to get an amendment for an Emergency Hay Feeding Program through this year.

I know also that the BIA is directed to come forward with recommendations on what might be done in this agricultural matter, particularly cattle.

Mr. **Jewett**. I would like to reinforce that. I think we need that task force or we need the study, and I think the act required that it be prepared by September of this year. If we could expedite that, it would be good.

Also, for the record, Mr. Chairman, I think that the tribes in the Aberdeen and Billings area are very appreciative of the Hay Feeding Program. It has been a smashing success. A lot of the ranchers who would have had to quit are still in business just as a direct result of that program. So, again, thank you.

Mr. **LaFromboise**. Again, Mr. Chairman, I believe that Mr. Murphy, whether he's in flight or wherever, has the testimony prepared to be submitted on behalf of the tribal chairmen of the Aberdeen area.

Mr. **Taylor**. That's fine. We'll make it a part of the record, too. Thank you very much.

[See appendix, p. 730.]

Mr. **Taylor**. Our next witness is Dr. Anselm Davis with the National Indian Education Association.

Mr. Davis, why don't you go ahead?

STATEMENT OF DR. ANSELM G. DAVIS, PRESIDENT, NATIONAL INDIAN EDUCATION ASSOCIATION, FORT DEFIANCE, AZ, ACCOMPANIED BY ROSE ROBINSON, MEMBER OF THE BOARD OF DIRECTORS; AND ROSEMARY BLANCHARD, DIVISION OF EDUCATION, NAVAJO TRIBE

Dr. **Davis**. Mr. Chairman, my name is Dr. Anselm G. Davis, Jr. I am currently the president of the National Indian Education Association. With me is Rose Robinson who is a member of the board of directors of the association.

I am appearing today on behalf of the membership of the association and others concerned about the Federal budget and its direct effect upon the quality of Indian education programs.

I have submitted written testimony regarding many of the concerns that have surfaced to date and request that this submission be written into the record as the association's testimony. The following synopsis of the association's written testimony is a conceptual summary of a more detailed statement:

The Nation's educational systems less than 3 years ago began to formally acknowledge the results of more than a generation of educational deficiencies by responding quite seriously to the Commission on Excellence report, "A Nation at Risk." Accordingly, this Congress in 1984 enacted the Education for Economic Security Act underscoring that without appropriate education our Nation was on a clear course toward bankruptcy, not fiscally but of a more important national resource—our human resource.

The Federal Government, which has taken steps to address the cited educational deficiencies, will revert back to conditions prior to the publication of "A Nation at Risk" as a result of the President's proposed budget cuts in education. NIEA questions the logic of this approach and takes the position that it is detrimental to the future of our country.

The Department of the Navy reports that one-quarter of its recruits cannot read at the ninth grade level, the minimum skills needed to read simply safety instruction. It is ironic that the President's response to this situation is to give these recruits more powerful weapons while cutting funds for the educational preparation of our next generation of recruits.

The proposed cuts in education at the Federal level are based upon the assumption that the States can afford the additional burden. The U.S. Department of the Treasury on November 28, 1984 published their study titled, "Recent Trends in State-Local Finances and the Long-Term Outlook for the Sector."

The report finds State and local governments in a situation of rapidly rising revenues, citing $6.6 billion in surplus in 1983, and painting an overly optimistic projection for 1984 through 1989 of a $30 billion surplus if States and local governments go into a low growth period; to a $130 billion surplus if they go into a high growth period.

On average, 28 percent of the State's budget already goes to support education. Fourteen States have just increased spending on education. The total average share of the Federal school expenditures to the State is only 9 percent.

It is with this eye on this perceived healthy State and local government fiscal situation that the administration has then taken an axe to education.

Another assumption underlying the contention that States can afford the additional burden of educating their citizens adequately is the Bureau of the Census prediction that the Nation's 5-to-17 age group will decline by nearly 2 percent in the period from 1984 to 1989. This prediction does not reflect the trend relative to Indian and Alaska native population, which is experiencing a strong population growth for the same age group.

Indian and Alaska Natives nationally are not a microcosm of the general population. That the States can afford to educate all their citizens because of perceived growth in revenues at the State and local levels and a declining of the 5-to-17 age group is misleading in regard to Indian education.

While States may be willing to reluctantly fund programs relative to Indian education, NIEA is concerned about the obvious fact that many States have demonstrated little or no active concern for the needs of Indian students in the past.

In addition, some States with large Indian populations such as New Mexico are experiencing declining revenues. Furthermore, at least 18 percent of all Indian students attend BIA or tribal contract schools that are totally supported by Federal funding.

The 82 percent of Indian students who attend public elementary or secondary schools, especially those on or near Indian reservations, will have as much as 60 percent of the revenue that supports their educational programs come from the Federal programs, particularly due to the tax exempt status of Indian lands.

Therefore, I must stress the fact that Federal funding is absolutely essential for the continued development of Indian educational programs. This sentiment seems to be shared by some members of the U.S. Congress since many of the major Federal funded programs that support activities to address the needs of Indians and other disadvantaged groups were treated relatively well.

Many of the overall administration budget figures for programs that directly affect Indian educational services are better than we had thought might appear, particularly in chapter 1, special education, and title VII. However, there are many significant changes being proposed including the elimination of some programs, the consolidation of others, and the introduction of new concepts that have created immediate apprehension.

A major change affects the Johnson-O'Malley and Indian Education Act Programs. Although there is an administrative rationale for these change, the proposal raises many concerns. Either the administration does not understand that JOM and title IV operate on different funding cycles or they are asking us to go without JOM funds during the 1986–87 school year.

As Members of Congress heard last year when the administration recommended the elimination of JOM, this would have a devastating effect on valuable programs offered by schools and tribes.

Many tribes are concerned that the proposed changes eliminate their existing right to contract JOM programs under Public Law 93–638 and may weaken the role of local Indian education committees.

NIEA questions the statement in the budget justification of the U.S. Department of Education that the BIA has a Federal trust responsibility to Indian tribes but the Department of Education does not. That is not our understanding of the government-to-government relationship.

NIEA is also concerned that many States have shown no initiative in regard to Indian education and no sympathy for existing needs. Many effective Indian education programs could be jeopardized by the proposed changes. We have particular concerns with the budget for tribal contract and BIA schools and those of JOM and Public Law 81–874, impact aid.

The fiscal year 1987 funding for these programs, because they are not forward funded, directly affect local school programs for 1986–87. We are concerned that many small programs that directly benefit Indian education and even larger ones, such as vocational education, are proposed for either elimination or severe reduction.

We are extremely concerned for public school superintendents who are trying to develop a school budget and educational plan and staffing for next year. For example, impact aid and JOM equate to almost 40 percent of the revenue that the Window Rock Unified School District anticipates for the next year. Arizona schools must by State law offer contracts by May 15. They must adopt their budget in June.

If the Congress and the administration do not agree on the fiscal year 1987 budget, they face financial problems that will be impossible to cope with. We are extremely concerned that there will be an impasse that will trigger the next phase of the Gramm-Rudman-Hollings axe. There is no way possible that Indian education programs, whether in public, tribal, or BIA schools, could cope with a 25-percent reduction in funds on October 1, 2 months after the school year has started and after contracts have been signed.

Our overwhelming concern is that a Federal budget be developed that can pass Congress and be signed by the President. We recognize the concerns that exist regarding the Federal deficit, but our hope is that the statesmanship of Members of Congress will lead to the development of a budget that can go into effect and avoid the devastating effect that the Gramm-Hollings Act will have.

Mr. Chairman, I request that the following prepared statement be added as an extension of this testimony. Thank you.

[Dr. Davis' prepared statement "Indian Education Programs and the Effects of the Fiscal Year 1987 Budget," on behalf of the National Indian Education Association, follows:]

PREPARED STATEMENT OF

DR. ANSELM G. DAVIS, JR., PRESIDENT
NATIONAL INDIAN EDUCATION ASSOCIATION

BEFORE THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

FEBRUARY 18, 1986

INDIAN EDUCATION PROGRAMS AND THE EFFECTS OF THE FY'87 BUDGET

Recognizing the immense concern that exists both within the Reagan Administration and Congress about taking steps to reduce the federal deficit, educators in general and Indian educators in particular have been extremely apprehensive for months about proposed actions that would be included in the FY-87 federal budget.

Although we have had only a few days to review the budget figures proposed by the Administration, we are slightly more optimistic now than we were in January. Considering the fiscal problems faced by the federal government, many of the major federally funded programs that support activities to address the needs of Indian and other disadvantaged groups were treated relatively well. I say that from the perspective that we have come to consider a "freeze" on funding a victory. Even though it means less money available at the local level, it does not eliminate programs we consider essential.

And I must stress the fact that federal funding is absolutely essential for the continued development of Indian educational programs. William Bennett, U.S. Secretary of Education, has stated that the proposed reductions in his Department's budget will only affect one percent of the overall funding available for education. Such a statement creates an illusion that is totally misleading in regard to Indian education.

At least 18% of all Indian students attend BIA or tribal contract schools that are totally supported by federal funding. The 82% of Indian students who attend public elementary or secondary schools, especially those on or near Indian reservations, will have as much as 60% of the revenue that supports their educational programs come from federal programs, particularly due to the tax exempt status of Indian lands.

There have been significant gains made in Indian educational programs during the past 20 years. More and more tribes are adopting formal education policies, more and more Indian people are moving into positions of responsibility, as teachers, counselors, and administrators. We continue to refine and improve the quality and variety of support programs available to assist Indian students and address their special needs.

This progress has been achieved despite the continued uncertainity created by the lack of stability of funding that affects virtually all programs serving Indian people. The funding cycle we operate on closely resembles a roller coaster.

The FY-86 budget adoption process is a prime example of how schools are forced to cope with this roller coaster effect and provides a very relevant backdrop for the comments I have regarding the FY-87 budget proposals.

The 1985-86 school year started in August or September. The 1986 federal fiscal year began on October 1. But it was the middle of December before federal budgets, or continuing resolutions, were finally approved. This meant that the school year was half over before BIA or tribal contract schools knew what their budgets for the school year would be. Only this month are tribes and public schools learning how much will actually be available to support activities under the Johnson-O'Malley program for this school year. Those of us (I am also the superintendent of the Window Rock School District in Arizona) rely on P.L. 81-874, the Impact Aid program, to make up for the lack of taxable property, and it means some 40% of the revenue my district expects, still do not know how much we will actually receive this year.

This situation has existed for a number of years with these programs because none of them are foward-funded. We have done everything possible to develop procedures that will insulate our programs and our personnel from the uncertainity of the federal funding cycle, but this uncertainty has totally disrupted effective planning and has led the most qualified persons to seek employment with greater security and stability. We have to reduce programs to a minumum for part of the year then try to find the qualified personnel necessary to expand them for the remainder of the year. When we have tried to insulate ourselves from this roller coaster effect, we are criticized by federal agencies for not spending the funds promptly or for having too much carry-over money.

This roller coaster effect is also stimulated by changes in federal regulations or the interpretation of them by federal bureaucrats. Members of Congress are well aware of some of these problems as indicated by the recent passage of House Concurrent Resolution 276, addressing actions proposed by the U.S. Department of Education to change eligibility requirements under Title IV of the Indian Education Act. However, only a few of us are aware of this Resolution. Applications under Parts B and C were submitted last fall; the deadline for Part A was February 13. None of us are certain where we stand right now. Some schools may have substantially under-counted their eligible students, based on the information from the Department of Education; some may not even have applied.

Congress mandated in the FY 86 budget that Johnson-O'Malley programs concentrate on educational needs. Will new regulations be forthcoming in respect to this mandate; if so, when? The regulations have also been changed regarding the allocation formula for P.L. 81-874 for FY-86; none of us are yet certain what effect these new regulations will have on the funds available.

And now, of course, we must cope with the additional dip in the roller coaster created by the "Balanced Budget and Emergency Deficit Control Act of 1985."

With this background of the concerns we are coping with right now, let me address some of the concerns we have with the proposed FY-87 budget. There are things within the proposed budget that we can support; there are many changes proposed that concern us. But the primary concern we have is the uncertainity of what will happen in the next few months and the looming shadow of the Gramm-Rudman-Hollings axe.

We have heard many key members of Congress say that the Administration's budget was "dead on arrival". We know that there will be intense efforts by every group that receives federal funding to protect their own interests. As Congress sets out to develop their version of the FY-87 budget, we have well-founded fears that programs essential to the continued existence and future development of Indian education programs will be lost in the shuffle. We have heard that Indian education programs were originally slated for exempt status under the Gramm-Rudman-Hollings Act. But we fell through a hole in the safety net the night before final passage amid the wheeling and dealing that went on to obtain the necessary votes.

We are greatly concerned about the prospect of Congress and the Administration reaching an impasse over the FY-87 budget and triggering the Gramm-Rudman-Hollings guillotine on October 1. No Indian educational programs, whether in public, BIA or tribal schools could endure 25% reductions in federal funds after the school year has already begun. We have been told that our basic goal should be to survive FY-87. We have been surviving for many years and will continue to do so, but it will be extremely tragic if we must witness the destruction of the gains that have been made and must face the future prospect of starting all over to rebuild the programs that have been established.

Some of the major changes proposed in the FY-87 budget of the Administration relate to Johnson O'Malley and Title IV of the Indian Education Act. Although we have reviewed both the BIA and Department of Education budgets and a draft of the proposed legislation that will be introduced to enact the changes, there are many aspects that are not clear.

One compelling concern is whether the federal officials that are proposing these changes are really aware that Title IV is forward-funded and JOM is not? The new state grant program proposed as a consolidation of JOM and Title IV, Part A, in the FY-87 budget indicates funds that would be available for the 1987-88 school year. The JOM funds in the FY-86 budget are funds that, although very late, are supposed to be available for 1985-86 programs.

On the surface it appears that we are being requested to absorb the total loss of JOM for 1986-87 plus a 4.3% reduction in Title IV. I might note that from 1980-81 to 1985-86 we have already experienced a 33% reduction in per pupil funding under Title IV. I do not think it necessary at this time to go into detail regarding the effects of the potential loss of over $25 million for Indian education programs in 1986-87. Members of Congress heard a great deal about the importance of JOM programs last year when the Administration proposed its elimination. Now we are being asked to endure even more substantial reductions.

Although the philosophy of the Administration that funds for federal schools, BIA or contract, should be channelled through the BIA and that funds for Indian students in public schools should go through the U.S. Department of Education is rational and could be supported for a variety of reasons, it also raises many concerns.

The proposed changes would virtually eliminate tribes from the process. The could no longer contract programs under P.L. 93-638 as a number do now with JOM. Tribes have been devoting substantial efforts to establishing a formal government-to-government relationship with the federal government. The proposed changes seem to totally ignore that relationship. The justification for the proposed changes that are contained in the budget of the U.S. Department of Education imply that there is a federal trust relationship between Indian tribes and the BIA but not between Indian tribes and the U.S. Department of Education. We totally reject this implication. It is the understanding of tribes that their trust responsibility is with the government of the United States and all of its agencies, not just with the Bureau of Indian Affairs.

The proposed legislation does incorporate specific requirements regarding parental involvement, but many states, and in some cases, the U.S. Department of Education, have not established a record for active enforcement of those rights as they exist now in law. In P.L. 95-561, Congress mandated tribal and parental involvement for schools receiving Impact Aid funds due to the enrollment of children living on Indian lands. But there are increasing complaints from Indian parents and tribes about the lack of enforcement of this requirement. If Congress does seriously consider this legislation, we urge, at the least, careful review of the involvement of tribes and parents in the process, and strengthening of their rights.

Although we have only had a short time to review the draft of the proposed legislation that would both reauthorize and significantly change the Title IV program, there are a few aspects of it that cause immediate reaction. The draft permits a state to access up to 5% in administrative costs. We suggest that this would be permitted only if the state education agency can demonstrate that the administrative costs accessed go into direct support of the program.

The legislation mandates creation of a state advisory committee at least half of whose members must be Indian parents or representatives of tribes or Indian organizations. We believe, at a minimum the percentage of Indian representation should be legislatively increased.

We are concerned about the obvious fact that many states have demonstrated little or no active concern for the needs of Indian students in the past. What if a state chooses not to apply for this new block grant? That may deprive all of the Indian students within that state of essential special services.

Tribal schools that are not operated under contract with the BIA have relied heavily upon Part B of Title IV for supplemental funding. The proposed changes appear to entirely eliminate them from consideration. Tribal contract schools are concerned, based upon their review of the BIA budget documents, about further dilution of the funds available and about the capacity of the Bureau to effectively implement the program. They foresee the potential threat that the priorities of parents and community school boards will become secondary to priorities that may be set in Washington by the BIA.

The Resource and Evaluation Centers that have been established under Title IV to provide technical assistance to Indian programs, especially in areas where the state departments of education have shown no initiative, apparently disappear completely in the FY-87 budget. This could seriously hamper the development of effective programs in many years.

The Administration also again proposes to eliminate "B" students under P.L. 81-874, the Impact Aid program, and to implement a new allocation formula. Although these proposals would protect the Impact Aid funding for many schools located on tax-exempt Indian land, they will be controversial and many schools that do desperately need the funds will loose all or part of their essential support. We have seen the legal actions proposed in the past by school districts serving large numbers of military-connected students. We do not believe that the U.S. Department of Education, despite the number of national studies that have been done, has real knowledge of the diverse fiscal needs that exist throughout the country created by the presence of tax-exempt federal property.

I am not at this time going into detail regarding many of the other concerns that do exist in Indian country regarding the proposed changes included within the Administation budget. I know that other organizations and tribes that have a day-to-day working knowledge of the importance of these other programs, including Head Start, Follow-Through, Indian Fellowships, etc., will be submitting testimony expressing their specific concerns.

We are well aware of the intense pressures that will be imposed upon members of Congress during the next few months. The compacted time-line imposed by the Gramm-Rudman-Hollings Act, the efforts that will be exerted by the Administration, by every group affected by federal funds, will all combine to create the most hectic, hopefully not the most chaotic, few months that Washington has ever witnessed.

We want you to know that we will be sharing many of the same pressures. But we will be face-to-face with the staff that may be cut, with the students who may lose services. We have to cope right now with budget planning, with meeting the legal deadlines for offering contracts to staff members for next year. To be frank, as a superintendent of a public school serving over 2800 Indian students, a school that relies upon Impact Aid for 40% of its basic revenue and JOM, Title IV, and Chapter One for essential supplemental programs, I do not know what to tell my staff about next year. For planning purposes at this time, we are assuming that JOM funds will not be available, that every other federal program will be reduced. We are not planning in terms of the 25% cut threatened by Gramm-Rudman-Hollings; we simply cannot cope with those kinds of cuts, even in theory.

We are relying upon Congress and the Administration to find a way to resolve the financial dilemna without imposing the devasting action of the Gramm-Rudman-Hollings axe upon us.

We know that members of this Committee understand the needs that really exist throughout Indian country. We know that other members of Congress are aware of the existing needs. This was demonstrated by how close we came to gaining exempt status under P.L. 99-197. It is further exemplified by the recent introduction of Senate bill 2037, the Targeted Fiscal Assistance Act, and its comparison version in the House.

The Administration asserts that improvements in the nation's economy will more than offset the reductions that are being proposed. Yet all of us know that the improvements that have occurred have had minimal effect upon Indian people, especially those living on reservation lands. We still face unemployment rates that are the highest in the country; we must cope with the multiple factors of bilingualism, low socio-economic factors, lack of jobs, etc. Other legislation passed during FY-86 or presently being considered acknowledges the problems we face in respect to alcoholism, poor health and other problems.

The movement for excellence in education is only beginning to filter into Indian schools, not because we do not want it but because of the multiple obstacles we face in attempting to implement it. Wehave no private industry to create partnerships with; we are struggling to fill teaching positions with any qualified person; we simply do not have the luxury of selecting only the best.

We want to establish and continue an effective dialogue with members of Congress and the Administration regarding the need and continuing needs that exist in respect to all programs addressing the needs of Indian people. We know, from what we read and hear, that there are many misconceptions in Washington about the reality of what is going on in Indian country. We hope that we can initiate efforts to clarify the situation. We have observed a number of statements in the budget proposals of both the U.S. Department of Education and the U.S. Department of Interior that are at best departures from reality as we know it at the local level. We will in the near future be submitting specific clarifications to these misconceptions and we will respond in more specific detail to the various changes being proposed.

We thank the members of this Committee for this opportunity to present our views and we respectfully request that you will continue to be receptive to the comments and recommendations that we will be submitting. We recognize the fiscal difficulties facing the nation; we, as Indian people, have demonstrated our patriotism in every war since the Great War. Our grandparents regained the rights of citizenship in that war; do not disenfranchise our children in the fiscal wars that are raging now.

Mr. **Taylor**. I don't have any specific questions for you. I think we do have one from Jane Wrenn.

Ms. **Wrenn**. Just a real quick question: Was the National Indian Education Association consulted in any way, shape, or form by either the Bureau of Indian Affairs or the Department of Education's Office of Indian Programs regarding the proposal to transfer JOM and title IV?

Dr. **Davis**. No. In fact, we feel slighted in that regard. We feel that the administration has an obligation to consult with national organizations and with Indian tribes.

We also feel that policy is being developed as a result of the development of the budget from OMB without consultation with tribes, and we would hope that in the future and through additional testimony that national organizations and tribes will be consulted in regard to policy changes, and that policy changes do not occur as a result of straight appropriations activity.

Ms. **Wrenn**. OK, thank you.

Mr. **Taylor**. I might just say that we have been assured that the proposed transfers, at least one of them, cannot take place without substantive legislation, which I assume would be in front of this committee. I can assure that we will definitely hear your voice at any such hearings on that.

Ms. Robinson, did you have anything to add?

Ms. **Robinson**. Just a few words, thank you.

I am a member of the Hopi Tribe of Arizona. I work with a private education foundation. I serve on a number of national Indian education organizations and committees, and I'm a trustee of one Indian college.

I am 54 years old. I graduated from high school in 1950 in Carson City, NV. I had four choices at that time as a young woman and as a young Indian woman. One was to stay home; one was to get married; one was to go into domestic work; and the fourth was to go to Haskell Institute, which was at that time the only higher educational institution open to Indian people which was free. I went there for a period of time.

It took me 20-some years from 1950, without the educational opportunities now available, to learn enough to be of service, of some use, to Indians at the national level. I have watched the changes going through the Congress which made such opportunities for education available through increased funds for Indian education since the 1960's. I have also watched as it began to erode toward the end of the 1970's.

We have had less than 20 years as Indians to take advantage of this window of opportunity, and I am very saddened by that fact because we continue to need that support from this body.

Thank you.

Mr. **Taylor**. Thank you very much.

Ms. **Blanchard**. Mr. Chairman, I was just accompanying Dr. Davis and Mrs. Robinson. My name is Rosemary Blanchard. I work with the Navajo Tribe in their division of education and basically was offering assistance to NIEA, at the behest of my division director.

I think the only comment I would add is to reinforce the statement that Dr. Davis made in regard to policy. There is very strong policy all through Indian education laws about consultation with tribes on the development of policies.

I think the most outrageous thing that I saw when I was going through the budget documents was the statement that it was the policy of the administration that the BIA would deal with all Indian kids that were in BIA-funded schools; the Department of Education would do all the dealing with Indian kids that were in public schools. It is not just that I don't think that is a good idea, but I have not encountered that policy any place else in any other written document, in any communication of any form. As far as I know, I have not been able to find one Indian educator that has ever heard of it. Yet, it wasn't even described as a proposed policy—just "this is the policy."

It is very hard to deal with that kind of activity. It is very hard for tribes to continue good faith response when they are being dealt with in that fashion.

Mr. TAYLOR. Thank you very much.

At this point we're going to take a 10-minute break. We will resume with the National Congress of American Indians and the National Indian Health Board, who have asked to come up as a panel.

I would urge witnesses that have written statements to summarize those statements and submit the written one for the record.

We'll take a 10-minute break at this time.

[Recess taken.]

Mr. TAYLOR. The hearing will come to order.

We'll proceed with our next panel of witnesses: Suzan Harjo with the National Congress of American Indians; Jay Whitecrow from the National Indian Health Board; and Mel Tonasket from the Portland area, representing the Northwest Portland Area Indian Health Board.

STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS, WASHINGTON, DC

Ms. HARJO. Thank you.

The Gramm-Rudman-Hollings cutbacks and the fiscal year 1987 budget proposal taken together are a continuing example of termination by appropriations for Indian and Native governments. We have a situation here where the budget is driving the policy, and driving a policy that OMB in particular has wanted for a good many years, particularly in the area of Alaska Native appropriations. Mr. Don Crable of OMB was reported to have said upon passage of ANCSA that, "This is just the kind of legislation we want for all Indian people, one that gets us out of the business of being in the Indian business."

We are seeing a budget that is being pushed in order to push negative policy against Indians and one that is counter to what the Federal Indian policy is meant to be; that is, one that assures that actions are taken to benefit the beneficiary Indian governments.

The administration has gone to great lengths to avoid finding out what Indian governments and Indian people want, as you have heard from previous witnesses, and has gone to great lengths to avoid accommodating what Indian governments and Indian people need; and, in this particular budget justification, on page 4, for fiscal year 1987, has gone to great lengths to pretend that it has, in fact, engaged in consultation in accordance with section 16 of the IRA, which, as we say in our prepared statement, which I presume will be included in the record of the hearing, is disingenuous at best.

Mr. TAYLOR. The prepared statement will be made a part of the record.

Ms. HARJO. Thank you.

We cannot disguise our anger about this budget matter any longer and we can no longer be very polite about it. So if you will bear with us, I would like to go through a number of issues in the budget.

I would ask you to remember that there was a study of a decade and a half ago called, "Indian Education—A National Tragedy." Even a superficial look at the situation of Indian and native governments and people today and the level of Federal attention in the executive branch to those needs and situations would reveal that what we have is a national disgrace, and we are dealing with agencies that, despite their institutionalized systems that hold us down, pretend that they are taking steps that will help the Indian people and that will get Government off our backs. They seem to have literally no shame.

We always need to go back to the genesis of this Federal-Indian relationship. That genesis is that Indian and Native nations gave up vast territory over which the United States governs and from which its citizenry derives great benefit. We are not asking for that 4.3 percent of the ceded lands be returned to Indian people at this stage, even though those programs for which our ancestors gave up territory are being cut by 4.3 percent for fiscal year 1986 and even worse in fiscal year 1987, and we are told that things will get even worse for fiscal year 1988 and on through the outyears through fiscal year 1991.

Those exchanges were made in perpetuity. Perhaps we don't say this often enough because we often try to fit into the current fad in Congress or the current fad in the executive branch and couch our needs and our programs in the terms of the fashion of the day.

The basic situation is that we gave up land and valuable natural resources; the United States, the individual States, the American citizenry now own and derive benefit from those resources; and we are asking that the commitments on the other end be lived up to.

Today, the executive branch is proceeding unchecked to tax Indian treaty fishery income, and that is in violation of one of the three basic things that is said about Indians in the U.S. Constitution: Indians are not taxed.

The executive branch is proceeding unchecked to withdraw support from Indian governments in litigation regarding tribal sovereignty and economic development issues; to deny Indian trust land acquisitions, especially in the State of Oklahoma; to curtail intended support of programs and services to Alaska Native governments and people; and to set the oil-owning tribes back to square one with regard to oil thefts and skimmed royalties.

We are asking in the context of these two budget situations, the cutbacks for 1986 and the proposed 1987 proposals, that the administration request be rejected out of hand; that the Indian programs be held harmless; that the direct-to-tribe services be held harmless; that the trust management aspects be held harmless. These are not the areas of the Federal Indian budget that should take these cuts, if cuts have to be taken.

We urge this committee to involve itself actively and directly in the situations I just mentioned which are being carried out today by the Departments of Interior, Justice, and the Internal Revenue Service. We ask the committee to make certain that the attacks on litigation support, natural resources support and attorneys' fees that are going on right now in the budget context and outside the budget be rejected and that the committee exercise vigorous oversight to make certain that, for example, the San Luis Rey water rights settlement efforts are not scuttled by the internal Interior directive that the attorneys' fees will be cut by almost half. That's an outside budget matter and that's something that shows the way that the administration talks out of both sides of its mouth. On one hand, it encourages water rights settlements; on the other hand, it encourages or makes possible the pulling of the rug out from under those settlements.

NCAI would support cutting the defense budget and enacting a tax reform bill which generates revenue as an approach to reducing the deficit. Ending all of our programs across Government would not move the deficit one point. Our budgets are being slashed while the budgets for foreign aid are being increased by many more millions than total our entire budget. Perhaps this committee should recommend that we have a portion of the increase in foreign aid.

Others here at this hearing will address the housing needs that are desperate on Indian reservations and in Indian country. We join with them in their request and we would like to draw your attention to a particular program that they may not be discussing, which is the Solar Bank Program, and that appears on page 5 of our testimony. That is the Solar Energy and Energy Conservation Bank, and we ask the committee to assist NCAI and the tribes in gaining increased appropriations for the Indian assistance and to take appropriate steps to encourage a direct-to-tribes funding system for this assistance.

On pages 5 and 6, we discuss the Farmers Home Administration, and we join in the concern and the recommendations expressed by the previous witness regarding the dangerous situation of Indian cattleowners and the implications for trust land and other property.

Regarding the Legal Services Corporation, on page 6, once again the administration has proposed no funding for the Legal Services Corporation, so this is just the same song in a different year. Congress will, of course, fund the Legal Services Corporation, and in that we ask the committee to help the Legal Services Corporation not lose sight of the fact that funding for the Indian program should be made available to provide for at least the 1981 level of practitioners. In 1981 the LSC funding in Indian country supported 179 attorneys and tribal court advocates. The 1986 funding level is not the same as 1981; it supports only 146 attorneys and advocates.

The administration's efforts regarding fiscal year 1986 rescissions and the fiscal year 1987 budget reduction in relation to the Job Training Partnership Act also are outrageous. Now is not the time to decrease programs designed to train people for employment, especially when our employment in Indian communities and on Indian reservations is on the rise and, with it, the resultant social problems.

Regarding indirect costs, the BIA is requesting an increase of $5.6 million for indirect costs for new contracts, for a total of $7.5 million. We support that request. This will not meet the shortfall in indirect costs, however, and we support the language in the House draft legislation amending Public Law 93-638, which would require IHS and BIA to inform Congress twice a year of any actual difference between budget request for indirect costs and the actual estimated need as based on approved contracts. We think it is time for people to stop playing games with indirect costs and to have this process be an outfront, upfront process, so that tribes can continue to lend their programs and to deliver valuable tribal governmental services without having to be constrained in the way they have in the past.

In the area of education, we agree with the previous witnesses in their objection to the transfer of the JOM program. We also agree with their position that the trust responsibility is shared across Government and is not confined to the Interior Department, but does exist in the Department of Education. That is as a policy matter; however, we know that the implementation of clear policy is something to behold in this administration. So we have serious doubts that it would be carried out in vigorous form in the Department of Education.

We object to the BIA efforts to reduce the tribally controlled community colleges appropriation by $432,000 from its fiscal year 1986 level. This is a valuable program and should be continued. The Indian school equalization formula is something that should be held harmless in the overall BIA budget.

We hope that you will particularly look at and work with us to do something about the historic cultural preservation issues that we have included in our narrative on page 10, and that you will join us in urging the Treasury, Postal Service, and General Government Subcommittee of the Appropriations Committee to fund adequately the National Historic Publications and Records Commission, which has provided valuable services and funding to Indian archives.

We again urge the committee to support an earmarked appropriation in the Environmental Protection Agency for Indian and Native governments. We proposed this last year and we got some excellent rhetoric in an appropriations bill, but we did not get an earmarked appropriation. Without this, the EPA states that they will not vigorously implement the Indian policy statement of 1984, which took only 13 years to get.

We hope that the committee will exercise some oversight and enter into dialogue with the Department of Defense regarding its laxity in exercising the Secretary's discretionary authority to contract with Indian tribes and businesses on an Indian preference basis. Throughout the period of this authority, since fiscal year

1981, the Department has attempted to have that authority excised from each appropriation bill and has only entered into one Indian preference contract—that was with Laguna Pueblo—in that entire period. We think that this could provide some economic activity in Indian country that would be beneficial at this time.

Finally, we have a note on page 12 about the NCAI Fund's support from the BIA. As we have discussed with certain staff members at the Senate Select Committee for Indian Affairs, the BIA not only has declined the opportunity to fund the NCAI Fund, but subsequent to that declination called an audit on us, and the Inspector General and the Assistant Secretary for Indian Affairs have a difference of opinion as to who called that audit. We need some assistance in finding out the origin, purpose, and scope of that audit, so that we will not be caught in a political morass here.

We would appreciate your assistance in helping us get some earmarked appropriation funding for the NCAI Fund to carry out its valuable policy analysis and information dissemination work.

[Ms. Harjo's prepared statement, on behalf of the National Congress of American Indians, follows:]

STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS, FOR THE FY1987 BUDGET OVERSIGHT HEARING BEFORE THE SELECT COMMITTEE ON INDIAN AFFAIRS, UNITED STATES SENATE, FEBRUARY 18, 1986, WASHINGTON, D.C.

Mr. Chairman and Members of the Committee, my name is Suzan Shown Harjo. I am Cheyenne and Creek and a citizen of the Cheyenne and Arapaho Tribes of Oklahoma. I appear before you as Executive Director of the National Congress of American Indians, the oldest and largest national Indian organization. Established in 1944, the NCAI has standing resolutions of membership from more than 75% of the Indian and Native governments, with 136 member governments for the year 1985-1986. During our 42nd Annual NCAI Convention in Tulsa, Oklahoma, in October of 1985, 126 Indian and Native governments were represented by duly-authorized delegates, and some 1,100 individual Indian and Native people were certified as present and eligible to vote.

Once again, the NCAI appears before you to express our views and make recommendations regarding inequities in another Presidental budget proposal. And, once again, we are compelled to provide a policy context within which this or any budget proposal must be viewed, if Congress intends to maintain an Indian policy of upholding its constitutional agreements and assuring Indian survival. In developing the FY1987 budget proposal, the Administration again has failed to take into account the history and U.S. Indian policy backdrop against which specific budgetary actions must be viewed and taken.

Indian and Native nations gave up a vast territory, over which the United States governs and from which its citizenry derives great benefit, in exchange for health and education and other socially beneficial programs and services, and in exchange for U.S. protection against encroachment by the states and people regarding our tangible and intangible rights and resources. These exchanges - some through treaties, some through Executive Orders, some through acts of Congress - were intended to stand in perpetuity. Yet, for example, the U.S. did not prohibit the theft of the sacred and gold-rich Black Hills from the Sioux Nation and other Indian nations who value that area as a religious site. To date, the U.S. has not fulfilled its promises to make the deserts bloom for Indian nations who agreed to remove their people to arid reservation land. If these promises were upheld, as well as the overriding constitutional guarantees that Indians would not be taxed and that treaties would be the "Supreme Law of the Land," Indian nations and people would be rich, rather than poor, today. If the Congress would have exercised its plenary power properly as intended with regard to the limitative and control of state involvement, rather than over the Indian tribes, and if the various Executives would have exercised the trust obligations to protect and benefit the intended Indian beneficiaries, rather than to benefit itself, its agents, its railroads, its ranchers, its landbarons, its energy industries and the Fortune 500, Indian and Native nations and people would not be in the dire circumstance of need today.

Today, the Executive Branch is proceding unchecked to tax Indian treaty fishery income, to withdraw support from Indian governments in litigation regarding tribal sovereignty and economic development issues, to deny Indian trust lands acquisitions, to curtail intended support of programs and services to the Alaska Native governments and people and to set the oil-owning tribes back to square one with regard to oil thefts and skimmed royalties.

The Administration's claim on page four of the BIA budget justification that it complied with Section 16 of the Indian Reorganization Act is disingenuous, at best. By so claiminig to have advised the Indian governments in the budget as contemplated in the 1934 Act, it is implying that the Indian governmental leaders are in accord with the terms of the FY1987 budget proposal and that they agree with the great hardship that it would impose in Indian country.

Generally, the FY1987 budget proposals pose an inequitable burden on the Indian governments and people, especially in light of the guaranteed distinctiveness in the budget process, the unfulfilled promises and need to make up for lost time and opportunity, the standing as the population in America on the bottom of every known socio-economic indicator and in light of the modern pressures in litigation, resource management and increased governmental authorities and services. The BIA proposed budget would decrease by significant amounts the funding for litigation support and attorney fees, and would not increase to meet the rising need for funds for water rights negotiation/litigation, unresolved rights issues and hunting and fishing rights. There is no apparent recognition of the tribal needs involved in the recently signed U.S.-Canada Pacific Salmon Treaty, which have been called to the Administration's attention in public sessions for nearly one year. We urge Congress to reject the Administration's proposals in these areas and to adequately fund these pressing needs for FY1987. Additionally, the BIA now is restricting attorney fees to $70 per hour in connection with ongoing water litigation and settlement efforts, while attorneys on the opposing sides are receiving nearly twice that amount. We are aware of this limitation on the attorneys for the tribes involved in the San Luis Rey water rights settlement efforts, despite the fact that the BIA has permitted a $125-hourly fee for several years. We urge the Committee to examine the practices and internal directives regarding attorney fees.

We also urge Congress to include a specific directive and to earmark funds for the BIA to begin providing technical support to the Indian governments whose reservation and/or off-reservation lands and rights may be affected by the siting or transportation of high-level radioactive nuclear waste under the Nuclear Waste Policy Act of 1982 (NWPA). The Department of Energy (DOE), the agency with major responsibility for implementation of the NWPA, has mistakenly drawn a distinction between on-reservation and off-reservation federally-protected lands and rights. And, the BIA has failed to address key issues involved in the Interior Secretary's mandated responsibility under the NWPA to designate affected tribes. The BIA explanation to several tribal leaders for its non-involvement has been that there is a lack of specific funding for this purpose. We urge the Committee to direct the BIA to meet its obligations in the methodology and screening process that will determine the location of the nuclear waste repository, to support tribal funding by the DOE during the remaining phases of site selection, to respond to the DOE's Draft Area Review Recommendation on the second repository site, to address the taking of lands and due process issues under the NWPA and to examine the issue of whether the tribal governments have the same veto power as the states in the final site selection.

With regard to Indian health funding matters, we join with the National Indian Health Board in submitting a separate statement of concern and need, and urge the Committee to continue its active oversight regarding the Indian Health Service budget and related funding.

BIA programs have suffered a 4.3% cut and IHS programs a 1% cut effective March 1st as the result of the Gramm-Rudman-Hollings law. When one considers the problems of insufficient indirect costs for tribally contracted programs and the fact that the Gramm-Rudman-Hollings cuts have to be absorbed over a seven-month period, the hardship is much more than a 4.3% cut would indicate. There is much talk that the 4.3% across-the-board cut is nothing compared to what may happen in FY1987 if sequestration takes place. While that is true, we should not minimize the results of Gramm-Rudman-Hollings and rescissions in FY1986.

The Administration has proposed no rescissions for BIA programs, but has proposed a massive $62 million FY1986 rescission for Indian health programs. It is ironic that Indian health programs, which are limited to a 1% across-the-board cut in FY1986, are now so disrupted by a rescission proposal - a rescission proposal which we doubt Congress will approve. The rescission is, in effect, an impoundment because many programs government-wide are being told to cut spending as though Congress had already approved the rescission request. The Community Health Representative Program, for which there is an $11 million rescission request, could continue spending at its FY1986 level but would then have to shut down in May. Some programs are reducing their spending levels now, but there is confusion as to how to proceed. Eleven CHRs at Pine Ridge were told that they were losing their jobs, but then had that order reversed. We would like the House and Senate Appropriations Committees to send a strong message to the Administration that they do not intend to approve the rescissions requested for Indian programs (including Indian health, housing, vocational rehabilitation and JTPA) and to not use the rescission request as an excuse to hold off on spending monies. We also request the Members of this Committee to indicate to the Administration their disagreement with the rescission requests.

NCAI and the entire Indian community is part of the rising tide of opposition to the Gramm-Rudman-Hollings law and the Administration's proposal to meet the FY1987 deficit goals. Our view is that there should be no more cuts in Indian programs. It is not a matter of cutting out waste in programs. Tribal governments are struggling to exist, tribally-run programs are on the brink of retrocession due to insufficient funds, unemployment is on the increase with some tribes having unemployment of 95%, hunger is on rise, there is woefully inadequate assistance to defend our natural resource and legal rights, tribal courts are under attack but are given few resources with which to develop and operate, Indian housing is a national disgrace and we still have the lowest educational, economic and health status in the nation. If all that were not enough to protect the Indian programs from further cuts, there is the matter of the treaties, Executive Orders and laws which define the U.S.-Indian governmental relationship and the trust relationship the United States has with Indian governments. The U.S. government cannot simply choose the portions of the treaties, Executive Orders and laws which it wishes to enforce and ignore the others. The federal government is all too happy to keep a hold on Indian land and mineral leases and exercise veto power over tribal government laws, but it has no enthusiasm for strengthening tribal governments and increasing Indian peoples' ability to design and control their own health and education and service programs.

NCAI would support cutting the defense budget and enacting a tax reform bill which generates revenue as an approach to reducing the deficit. We take heart in what appears to be a forming consensus on the protection of domestic programs and reduction of the defense budget. It is patently unfair for the defense budget to be built up every year and for poor people in this country to pay with it by going uneducated, with poor health, with inadequate law enforcement and with high unemployment. We are being sacrificed for Star Wars, for an airplane that can fly to Tokyo in two hours and for chemical warfare. Our budgets are being slashed, while the budget for foreign aid are being increased by many more millions than total our entire budget.

It is our strong recommendation that the Congress hold harmless all tribal programs, all direct-to-tribes services and all trust-related functions of the Bureau of Indian Affairs, as well as the Indian programs across government. Our needs far exceed the current and recent levels of funding and, even with a status quo funding level we would fall well below the known and anticipated needs in Indian country.

HOUSING

The Administration is proposing in its FY1986 rescission and FY1987 budgets to essentially end public and Indian housing programs. All that would remain is a small amount of emergency modernization funds. Even though the Bureau of Indian Affairs' 1984 housing inventory shows a need for 68,831 new housing units and 30,718 units in need of renovation, the Administration has proposed to end the Indian housing program in every budget since FY1982. Not only does the FY1987 budget request no new housing units in HUD's Indian housing program, but the Farmers Home Administration (FmHA) rural housing program is slated to be eliminated. Further, it is proposed that FY1986 HUD construction and most renovation funds be rescinded. Even though Congress has not ruled on the rescission request, HUD has already sent directives to its field offices to make no more FY1986 "program reservations." The Indian Health Service also proposes to rescind funds affecting housing by its request to rescind $19,456,000 of sanitation funds. Those funds would have provided sanitation facilities for 2,700 homes. No IHS sanitation funds are requested for FY1987 by the Administration.

Ironically, the FmHA budget justification says that HUD will take care of housing needs, and the IHS budget document says that while they are requesting no money for sanitation facilities they will, nevertheless, work with tribes and other agencies "to provide sanitation and safe water in Indian communities." This is buck-passing and hiding-the-ball gamesmanship at its worst, as all these agencies know that the others' budgets will not request money for Indian housing and sanitation.

The BIA is proposing that the Housing Improvement Program (HIP) be reduced by one third, from a FY1986 level of $19.8 million to a FY1987 level of $13.7 millon. The BIA budget justification simply says this is part of the Administration's policy to reduce construction activities, and that the HIP program will not perform construction activities, but will be limited to repair work. NCAI opposes this proposed reduction in light of the tremendous needs both in the construction and repair of Indian homes.

The HUD proposal to implement a voucher system in lieu of housing construction is not feasible in Indian country because there virtually are no rental housing units. HUD Deputy Assistant Secretary for Public and Indian Housing, James Baugh was quoted in The Washington Post, February 8, 1986, as admitting, "Vouchers don't work at all on an Indian reservation." Yet, the voucher system is what the Administration is proposing for Indian housing.

Even though the Administration wants to have only a voucher program for public and Indian housing, it nevertheless is proposing a new system of financing housing construction. It proposes to switch from the current system of financing housing from long-term authority or sale of bonds to up-front appropriations. This financing method was widely discussed when the IRS was questioning the legality of public housing bonds to be tax exempt. Even though the IRS eventually did rule that public housing bonds are tax exempt, the Administration is still proceeding with its proposal of up-front appropriations. While direct payments for housing construction would be less expensive than long-term authority, a direct financing method would swell the HUD Appropriations bill, and we doubt that this would be acceptable to Congress at this time of deficit reduction efforts. People in the private market do not pay up-front money for housing; rather it is amortized over time.

We ask that the Senate Select Committee on Indian Affairs include in its recommendations to the Budget Committee that the FY1986 HUD housing and modernization rescission request be rejected, that the FY1987 HUD budget allow for continuation of at least 3,000 housing units (as contained in H.R. 1, the Housing Act of 1985), that the IHS FY1986 rescission for sanitation be rejected, that the FY1987 IHS budget contain $30,000,000 for sanitation and that the FmHA rural housing program be retained and that the HIP program be restored to at least its FY1986 level. Further, we support the provision in the pending Indian Health Care Improvement Act Amendments of 1985 which requires IHS to develop a plan and a schedule to eliminate the backlog of houses needing sanitation facilities.

We also request the Committee to convey in its report to the Budget Committee that a voucher system for housing in Indian country is no program at all. Finally, we would like the Committee to support the reassignment of recalled or recaptured Indian housing units to other Indian Housing Authorities. Given the desperate need for housing in Indian country, units should not be lost when projects elsewhere prove infeasible.

SOLAR BANK PROGRAM

A program which we ask the Committee to support is the Solar Energy and Energy Conservation Bank, commonly known as the Solar Bank. The Solar Bank is a federal assistance program administered by the Department of Housing and Urban Development. Assistance is provided in the form of loan subsidies for investments in energy conservation and solar for residential, agricultural and commercial buildings. Matching grants also may be provided to very low-income households for energy conservation. The assistance is distributed through state programs, and the NCAI Fund serves as the Indian assistance coordinator. HUD treats the NCAI Fund as a state for purposes of this program. We ask the Committee to assist in gaining increased appropriations for this Indian assistance and to take appropriate steps to encourage a direct-to-tribes funding system for this assistance.

When this program was created by Congress in 1980, annual appropriations in the range of $1.5 billion were authorized. Actual appropriations have been less than 2 percent of this amount, and the FY1986 budget includes no new appropriations. We believe that Congress should increase its level of support for the Solar Bank. We note that Solar Bank assistance is only available for investments that are cost-effective, but that many low-income and moderate-income families cannot afford them, regardless of their cost-effectiveness. In Indian country, there are several thousand federally-subsidized housing units that were built with electric resistance heat as the primary heating system. Solar Bank assistance is an appropriate way to leverage private funds to lower the heating costs for these units through conservation and solar retrofit investments.

We believe that in evaluating the cost-effectiveness of the Solar Bank program, the Congress should direct attention to the high level of federal subsidies for nuclear electric power. In 1984, federal subsidies for nuclear electric, both direct and indirect, totaled more than $15.5 billion, with some significant factors not included. (See Heede, et al., The Hidden Costs of Energy: How Taxpayers Subsidize Energy Production, Center for Renewable Resources, 1985.)

FARMERS HOME ADMINISTRATION

In addition to the proposed elimination of the FmHA rural housing program mentioned in the housing portion of this statement, there are two areas of grave concern in the FmHA budget. One is the Administration's proposal to eliminate all direct farm operating loans and provide only loan guarantees. Because FmHA is the major source of credit to Indian farmers, and because commercial credit, even with government-guaranteed loans, is not generally an option, the effect of eliminating direct loans would be the end of credit for most Indian farmers.

Another area of concern in the proposed FmHA budget is the elimination of the Tribal Land Acquisition Fund. In addition to Indian and Native governments' needs to strengthen their land bases by purchases of land, there is an increasing need for tribes to have the ability to purchase lands of Indian farmers who have been forced to sell their land in order to meet loan payments. There is an informal FmHA policy to give tribes first option to buy land when a tribal citizen is selling land in order that the land remain in trust status. Much land, both Indian and non-Indian, is being held by FmHA rather than being sold. FmHA holds the land because there is no purchaser or because they do not want to put it on the market the further depress land values.

Senator Melcher noted in a December 10, 1985, statement on the Senate floor that, in 1984, 93% of Indian-owned land was used by Indians, but this percentage plummeted to 80% in 1985. A provision authored by Senator Melcher and contained in the FY1986 Continuing Appropriations law requires an assessment of Indian agriculture needs and development of strategies to deal with the problems. We urge this Committee to be active in oversight of this provision of the law. We will be requesting that the assessment yield information regarding the land which currently or potentially may lay idle due to a takeover by FmHA, or which has gone or may go out of trust status, and development of credit for Indian farmers. There have been suggestions put forth that the BIA should administer what are now FmHA direct loans and that tribes, not FmHA, should be able to hold individual trust lands being liquidated by farmers if there are no Indian purchasers. As many Members of the Senate Select Committee on Indian Affairs are from agricultural states, this is an ideal subject for this Committee to pursue, both in terms of merit and Member expertise.

LEGAL SERVICES CORPORATION

Once again, the Administration has proposed no funding for the Legal Services Corporation, which often is the only available avenue of legal representation for Indian tribes and individuals. The goal of providing specialized Indian legal services to all of the eligible population is far from complete. Many unrecognized and terminated Indian tribes, as well as some of the smaller recognized tribes, still have no meaningful access to Indian Legal Services. The existing providers are receiving virtually the same funding they received in 1981. In 1981, the LSC funding in Indian country supported 178 attorneys and tribal court advocates. The 1986 funding level is nearly the same as the 1981 level but supports only 146 attorneys and advocates. It is our position that funding should be made available to provide for at least the 1981 level of practioners.

In addition to the 33 Indian Legal Services programs, LSC funds the Indian Law Support Center, through which Indian Legal Services and other programs receive training and legal materials on substantative Indian law and legal developments, as well as back-up assistance in the form of review of pleadings and briefs, research memoranda and co-counselling in litigation. The Indian Law Support Center, which operates on a budget of only $260,000, is crucial to the Indian Legal Services programs. These programs cannot afford well-stocked law libraries, yet they have a greater need than practioners in other fields to keep up with the dynamic Indian law field.

We ask the Committee to urge the continuation of the national commitment to provide Indian legal services to all Indian and Native people, including citizens of federally-recognized tribes living on or near reservations and historic Indian territory, as well as Alaska Native and Hawaiian Native peoples. It also includes those tribes recognized by state governments, tribes which are terminated for some services but retain a special status in other areas, those tribes unlawfully terminated and unrecognized tribes who need representation to seek federal acknowledgment and recognition and whose citizens have additional legal problems caused by their uncertain status.

JOB TRAINING PARTNERSHIP ACT (JTPA)

The Administration is requesting a FY1986 rescission and a FY1987 budget reduction in both the Indian Title IV JTPA activities and the Summer Youth Program which serves Indian country youth. Proposed for rescission is $725,000 in the Title IV program and $3.8 million for the Summer Youth Program. The combination of the FY1986 Gramm-Rudman-Hollings sequestration, the FY1986 rescission request and the $1.1 million reduction in the FY1986 appropriations compared to the FY1985 amount, add up to a 41% drop in funding for the Summer Youth Program in just one year. The proposal for FY1987 Indian Title IV JTPA activities is $60.1 million, down from $62.2 million appropriated in FY1986 (pre-Gramm-Rudman-Hollings.)

The JTPA Summer Youth Program, in addition to its primary mission of training youth for productive jobs, also is an important element in helping youth live lives free of substance abuse, a subject of particular interest to NCAI and this Committee. This Committee is well aware of the high level of unemployment and need for job training and job experience in Indian country. While national unemployment rates have dropped during this decade, Indian unemployment is on the rise. The Joint Economic Committee has estimated that a 1% increase in the national unemployment rate results in a 1.9% increase in deaths from cirrhosis of the liver, a 4.1% increase in suicides, a 5.7% increase in homicides and a 4% increase in state prison admissions. The national unemployment rate dropped 27% from 1982 to 1985, but the Indian unemployment rate rose 7% during the same period, according to Department of Labor and Bureau of Indian Affairs statistics. Now is not the time to decrease programs designed to train people for employment.

INDIRECT COSTS

The BIA is requesting an increase of $5.6 million for indirect costs for new contracts, for a total of $7.5 million, and we support that request. This will not meet the shortfall in indirect costs, however, and we support the language in the House draft legislation amending P.L. 93-638 which would require IHS and BIA to inform Congress twice a year of any actual difference between budget requests for indirect costs and the actual, estimated need as based on approved contracts. The annual budget justification submitted in January and a supplemental report in July would require notification in Congress of any deficiency of funds requested below the actual need. To the extent that the Appropriations bills and accompanying reports also can extract this information from the BIA and IHS, we support this approach as well. We fear that many tribes will be forced to retrocede programs, due to inadequate indirect cost monies. This would be contrary to our resolve to strengthen tribal governments and also runs counter to the President's Indian Policy Statement which is based on self-determination and government-to-government relationships.

EDUCATION

Johnson O'Malley Program - The Administration has set itself up for another big battle on the J'OM programm, with its proposal to fold it into the Department of Education's Title IV or Indian Education Act program. NCAI strongly opposes this transfer for the basic reasons that these are two distinct programs and that the J'OM program is contracted by tribes, whereas the Title IV program is run by the states. Under the proposal, J'OM monies would bypass the tribes and go to the state education agencies. The BIA budget justification says that the legislation to be proposed by the Administration will propose to utilize local parent committees, but we do not know whether they would have the clout that they currently have under the J'OM program.

We point out, as we did in last year's testimony before this Committee, that the J'OM and Title IV programs do not duplicate each other. They serve different purposes and, in some cases, different beneficiaries. The Administration again raises the specter of children receiving duplicate services. Frankly, the monies combined do not even provide the necessary services, let alone serve children in a duplicative manner. The GAO report, "Local Coordination Prevents Duplication Services at Federally Sponsored Indian Education Projects," found no problem with J'OM and Title IV duplicating services or giving the same services to the same children.

We urge this Committee to reject any legislation which would transfer the J'OM program to the Department of Education's Title IV program. The FY1987 budget justification indicates that the J'OM and Title IV programs combined are proposed to have the same appropriation in FY1987 as FY1986. We would like to point out, however, that in FY1986 the J'OM program was dealt a low blow by the BIA's assertion to the Appropriations Committees that there was a $5.6 million carry-over in FY1985 J'OM funds. The House Appropriation Committee then deducted this $5.6 million from what was to be the FY1986 appropriation, taking it down to $23 million (compared to $28.6 million in FY1985). In fact, there were no carry-over monies. Because J'OM is not forward funded, schools often do not get their J'OM funds until well into the school year, as opposed to education programs in the Department of Education whose funding levels are known for a year in advance. As a consequence, schools retain some FY1985 funds, for instance, so they can have J'OM programs when school starts in the fall of 1986. Otherwise, come October 1, the programs will have to stop for several months until they receive their first payment of the current fiscal year. This has been the practice for years, and we are most disturbed about the underhanded manner in which this money was deleted last year. We request that when you look at the FY1986 appropriation of $22,053,000, which includes $2,453,000 for contract support, that you add back the $5.6 million unfairly taken away last year. The FY1986 base really should be $27.6 millon.

TRIBALLY-CONTROLLED COLLEGES

The Administration is proposing to reduce the tribal college appropriation by $432,000 from its FY1986 level. Once again, we are at odds with the BIA regarding the student count upon which the colleges' appropriations are based. The BIA's FY1987 budget would provide $2,242 per FTE, using the colleges' reliable FTE estimate of 3,100. We support an appropriation of $9.6 million which would provide $3,000 per FTE. The tribal colleges funding per FTE has been decreasing since FY1981 when they received $3,100 per FTE.

We are taken aback by the narrative in the BIA budget justification which proposes to reduce the colleges' student count for funding purposes by 6% because there are students in attendance with less than C averages. Anyone without a C average would not be counted. In addition, the BIA proposes to reduce the student count by another 7% for students without high school diplomas or who have a certain absenteeism rate. Tribal colleges, like community colleges elsewhere, are required to meet accreditation and candidacy requirements. Of the 19 tribal colleges, seven are fully accredited and seven have achieved candidacy status. These colleges have probation status for their students and students must meet this to stay in school. Tribal colleges, with good reason, do not have it as a mission to get students through a four-year degree program in four years. Their students are older than the general college population, with most having family responsibilities. The budget justification states that the regulations implementing P.L. 98-192, which the BIA has been unable to finalize in two and a half years, will contain this "C" average regulation. The purpose of tribal colleges is education of Indian people in a context that will benefit not only the student but the future of the tribe. The colleges are a real source of accomplishment and hope in

Indian country, the proposals to reduce the student count by 15%, and therefore the funding for the colleges, are counter-productive to say the least.

INDIAN SCHOOL EQUALIZATION FORMULA (ISEF)

The Administration is proposing a $2.7 million reduction in this program based on less needs for residential programs related to the opening of the Hopi High School, tightening up criteria for participation in the BIA's bilingual and Intensive Residential Guidance program and conversion of the Pinon Boarding school to a peripheral dormitory. It is not clear from the budget justification just how or why the BIA feels a need to restrict participation in the bilingual and Intensive Residential Guidance program and would ask that the Committee look closely at this matter. Further, the BIA has not finalized regulations regarding bilingual and guidance programs eligibility. NCAI certainly knows of nothing to indicate that we are fulfilling Indian students' needs either in terms of bilingual education or guidance, and we oppose this proposed reduction.

EDUCATION STANDARDS

The Administration is proposing to reduce implementation funds for the educational standards regulations published in September, 1985 from $1.5 million in FY1986 to $300,000 in FY1987. The budget justification said the FY1986 monies were basically for staffing adjustments and purchase of books, periodicals and media equipment. We request that the Committee have assurance that the FY1986 monies are indeed sufficient for the implementation of the regulations. Also, it is our understanding that the education standards funds have not yet been distributed to the schools.

SCHOOL CONSTRUCTION

The Administration proposes no money for school construction, even though schools on the priority list which have completed their planning and design have needed construction costs of $15.5 million. We support an appropriation to meet those needs. The BIA is proposing only repair and maintenance funds for schools.

GRADUATE STUDENT SCHOLARSHIPS

The BIA is proposing to eliminate its graduate student scholarship program which was funded at $1.9 million in FY1986. The budget justification says they are "consolidating" it with the fellowship program currently operated in the Department of Education's Title IV (Indian Education Act) program, although clearly the only money being proposed is the portion for the Title IV program. With the growth of the tribal colleges, more Indian students are pursuing graduate degrees and sufficient funds are needed for them. More graduate education is needed if American Indian and Alaska Native governments are to obtain the trained professionals needed to develop their local economies and obtain self-sufficiency.

GENERAL WELFARE ASSISTANCE GRANTS

We are pleased to see a proposed $3.8 million increase in the General Assistance Program, and would support an expansion in the pilot project now in place at Turtle Mountain, Sisseton and Pine Ridge, where eligible tribal college students are able to receive general assistance. This is the real way to break the cycle of poverty. To penalize Indian students attending college, most of whom are older than the general college population and have families of their own, by withholding assistance simply reinforces the conditions which lead to unemployment and the need for government support.

We note that the BIA budget justification estimates child welfare assistance grants will drop from $3,000 to $2,936 per month in FY1987, hence projecting an increase of per unit payments from $409 to $418 per month in FY1987. We ask the committee to look into how these projections were calculated.

INDIAN CHILD WELFARE ACT GRANTS/ALASKA

The Administration is requesting a large decrease in this program - $2.7 million - and intends to terminate grants to urban organizations and to Alaska Natives. NCAI supports funding for urban Indian programs, and rejects the callous notion that the trust responsibility extends to only those Indian and Native people residing on reservations. The U.S. government, after all, has encouraged the movement of Indian people to cities. This policy was doomed from the federal government's perspective of hoped-for assimilation and from the Indians' perspective of hoped-for prosperity.

The BIA budget justification cites "the improvement in Native economic status" and improved Bureau operating efficiencies as reasons for eliminating or reducing by $12 million a variety of programs for Alaska Natives. We would ask this Committee to challenge the BIA on these statements. It is common knowledge that relatively few Alaska Natives have realized any increase in economic status due to the Alaska Claims Settlement Act. Most Native people live in rural areas, do not have a cash economy and live a basically traditional subsistance life style. And, given the current decline in the oil industry, Alaska Natives are likely to experience even more financial hardships. As far as improved BIA operations, the distances in Alaska have made and will continue to make efficient operations very difficult. In response to the BIA contention that the state is taking over education of Natives, it is true that the Bureau schools now have converted to public schools, but it is still federal money in the form of Title IV, Impact Aid and Johnson O'Malley funds which run the education system.

HISTORIC/CULTURAL PRESERVATION

NCAI recently has submitted comments on several Federal Register documents related to the federal programs for historic preservation and the protection of archaeological resources. In these comments, NCAI has been critical of the lack of emphasis on the roles that tribal governments should play in these programs, the lack of sensitivity to Indian religious freedom issues and the shortcomings of the cultural resources activities of the BIA. We believe there is substantial room for improvement in these important programs.

Cultural heritage is one of the basic characteristics of Indian and Alaska Native communities that sets them apart from the dominant society in the United States and from the many minority ethnic groups whose cultural roots are in other continents. "Culture" means the way a group of people live and how they use the resources of their environment to provide for their basic needs, as well as how they understand their religious relationships. Preservation of tribal cultural heritage is one of the basic rights that Indian Nations bargained for when they entered into treaties. This is a basic reason that Indian Nations have long resisted efforts to make them give up their lifeways and become absorbed by the dominant society. The desire to preserve traditional culture and to live as distinct tribal communities has been a key factor in the development of the legal doctrine of tribal sovereignty.

One of the most important changes in the federal program would be to begin making grants to tribal governments to bring them into a participatory role in the federal program. There is a provision in the 1980 amendments to the National Historic Preservation Act that authorizes the Secretary of the Interior to make such grants to tribes, for "the preservation of their cultural heritage." The Cultural Conservation report to Congress recommended funding for this provision. It is long past time to begin making these grants. After all, the main reason that state historic preservation programs are now so well-established is that they have had almost two decades of federal grant money. Tribes cannot be expected to assume a major role in the federal historic preservation program without some substantial financial support from the federal government.

We recommend that the National Park Service be directed to set aside 10%, or approximately $2 million, from the appropriations for the Historic Preservation Fund for grants to tribal governments and intertribal organizations. We also recommend that the BIA be directed to hire a qualified "Preservation Officer" in its Central Office. We note that the BIA is requesting in its FY1987 budget proposal an additional $100,000 for its archaeological clearances program, some of which is earmarked for the Central Office. Possibly this is for the hiring of an archaeologist who will serve as the Bureau's "Preservation Officer." We believe that this position should be filled by an Indian cultural anthropologist.

TRIBAL ARCHIVES DEVELOPMENT

We urge the Committee to recommend continued funding for the National Historical Publications and Records Commission (NHPRC) generally, and for a continued emphasis on the development of tribal archives and records management projects. The NHPRC has taken important steps toward funding tribal archives and toward eliminating burdensome guidelines which have precluded full participation by Indian and Native governments and organizations. We commend these efforts and urge the Committee to communicate with the Appropriations Subcommittee on Treasury, Postal Service and General Government regarding the need to fully involve Indian tribes in the programs of the NHPRC and to make tribal archives development a funding priority. NCAI is asking that the NHPRC provide support to the NCAI Fund for the first National Conference on Tribal Archives, to be held in conjunction with the 43rd Annual NCAI Convention in Phoenix, Arizona, in late September, and we ask for the Committee's endorsement of this request.

ENVIRONMENTAL PROTECTION AGENCY

We urge the Committee to support an earmarked appropriation in the Environmental Protection Agency (EPA) for Indian and Native governments. After 13 years, the EPA finally established an American Indian Policy, in November of 1984. However, EPA did not ask Congress for an appropriation for tribal governments for FY1986 or for FY1987. The federally-recognized tribal governments have jurisdiction over nearly 50 million acres, or more than three percent, of the nation's land base. Tribal governments also have jurisdiction over 43,410,186 acres of rangeland and forests, 1,829,118 acres of dry farmland, 917,580 acres of irrigation farmland, 913,000 acres of water reservoirs and lakes, 45,352 reservoirs and impoundments, 3,199 natural lakes and ponds and 12,000 miles of perennial streams. Tribal residential and economic developments, including increased minerals extraction activities, require tribal governmental capabilities to protect their environments. Appropriations targeted for Indian tribes to begin implementing environmental programs in FY1986 are needed for EPA central/regional office staff, technical assistance, a nationwide needs assessment and model or demonstration program activities estimated at $8 million. Additionally, the Department of the Interior has identified more than 20 hazardous waste sites on Indian land, at least three of which are in urgent need of an immediate clean-up process. Thus far, only one of these has been addressed. American Indian tribes as federally-recognized governments with jurisdictional responsibilities in Indian country deserve environmental protection support equal to the rest of the nation. We seek your assistance in securing EPA appropriations for tribes, who have increasing needs and who have been the environmental conscience of America.

DEPARTMENT OF DEFENSE CONTRACTING

The Secretary of Defense has had the discretionary authority for several years to contract with Indian tribes and business on an Indian-preference basis. However, there has been only one contract entered into under this authority which has been a part of each appropriation since FY1981, and each year the Departments contracting office has sought to curtail this discretionary authority. We ask the Committee to actively work with the Appropriations Committee and the Department to assure that this authority continues and that contracts result from it.

NCAI FUND SUPPORT FROM THE BIA

As the Committee is aware, the BIA has provided $175,000 in each of the past two years to the NCAI Fund to support general operations and to fund certain policy analysis and information dissemination functions. We reported to the Committee in our statement on the confirmation of Interior Assistant Secretary Ross O. Swimmer the rumors that NCAI was not a favored organization and would not be funded. At that time, we were operating on a grant extension, from October 1985 to December 1985, in the amount of $12,000 per month while awaiting word on our FY1986 proposal. In January of this year, we were informed that we would receive an additional $12,000 per month for the months of January and February, but that our proposed FY1986 funding had been denied. In February, to add insult to injury, we were informed by the Office of the Inspector General that the BIA had called a special audit of our grant for the years 1984 and 1985. On February 11, the Assistant Secretary stated that he had not called for the audit, so we are at a loss to know the origin or the purpose of this special scrutiny. We also should point out that the BIA seldom has complied with the Prompt Payment Act in making payments to the NCAI Fund in connection with this grant, in that it has not paid cost-reimbursable vouchers within the required 30 days and has not paid interest on delayed payments, causing considerable hardship for the financial management of the NCAI Fund. We ask the Committee to recommend an earmarked appropriation for the grant purposes of the NCAI Fund and to exercise oversight regarding the purposes and conduct of the upcoming audit.

Ms. **Harjo**. The National Congress of American Indians is very pleased to join in with the National Indian Health Board in raising specific health concerns, and NIHB has prepared testimony for this. If you have no questions for me at this time, I would like to turn this over to NIHB Director Jake Whitecrow.

Mr. **Taylor**. Jake, welcome before us today. Go ahead and proceed.

STATEMENT OF JAKE L. WHITECROW, EXECUTIVE DIRECTOR, NATIONAL INDIAN HEALTH BOARD, DENVER, CO

Mr. **Whitecrow**. Thank you very much, Mr. Chairman.

On behalf of the National Indian Health Board, the National Congress of American Indians, the members therewith, it gives me great pleasure to appear once again before this illustrious committee, and particularly to renew old friendships and to see old faces that we don't get to see very often. It is good to see you.

First of all, we have prepared quite an extensive piece of testimony, something like 18 pages. We will just hit the very high spots in my oral presentation, and we would appreciate it if our entire testimony might be included in the record.

Mr. **Taylor**. We'll make it a part of the record immediately at the conclusion of your remarks.

Mr. **Whitecrow**. Very well. Thank you.

The National Indian Health Board, in conjunction with the National Congress of American Indians, has been communicating with the tribes around the country and the various area health boards, the service unit health boards that are currently being operated in some of the areas. We have even communicated with many of the various people within the administration insofar as Indian Health

Service is concerned, and we have been able to detect from all of those communications these many issues that we include within this entire 18-page testimony.

The situation is very drastic around the country. We look at the reduction of the Indian Health Service budget. We're looking at the unmet health needs today that we have. If we are not going to fulfill our obligation as a Federal Government to the Indian relationships in the United States, then by all means we need to start touching the American people and letting the American people know that the Federal Government is not fulfilling its responsibility to the Indian people.

They have entered into relationships that are long term. They have entered into these relationships insofar as the morality of these relationships are quite legal; they're quite binding. We find that the honor of the United States is in jeopardy.

Any time we allow the administration of this country to begin going backward upon its agreed-to agreements, then certainly we need to start doing something in that regard. The Indian people of this Nation call upon the Federal Government to fulfill those responsibilities, and we certainly call upon the members of this committee and its staff to work in close harmony to see that this is fulfilled.

It's been our experience in the past that this committee has always been respective to our needs and has done everything within their power to meet those needs.

We spell out everything in this, and one thing that we would like to call your attention to: we realize that in the past we have been subjected to many different policies, among those, isolation, extermination, annihilation, reservation, relocation, termination, self-determination, and today we're being faced with a whole new policy. That policy is called "termination by nonappropriation."

We certainly hope that this committee will look into our entire testimony and give it every consideration. We also call upon all of the other members of this committee to do likewise, as well as other Members of Congress.

Taking into consideration the fact that we realize we do have many deficits, we realize the Government of the United States is in a position whereby they must take many actions, but we would also like to call upon this committee and the Members of Congress to realize that the Indian people of this Nation in good faith negotiated agreements, and this Nation in good faith negotiated those agreements. Someone is dropping the ball. The Indian people have not created these deficits. The Indian people have always depended upon the Federal Government to fulfill the responsibilities, and we sit today still hoping that this will happen.

We're certainly hoping that nothing even more drastic may happen. With the outlook of this committee, we're confident that you're going to look after the interest of the United States and hold the honor high.

Thank you very much.

[Mr. Whitecrow's prepared statement, "Statement on the President's Proposed Fiscal Year 1987 Budget for the Indian Health Service," on behalf of both the National Indian Health Board and the National Congress of American Indians, follows:]

STATEMENT ON THE PRESIDENT'S PROPOSED FY 1987 BUDGET FOR THE INDIAN HEALTH SERVICE

Presented by

The National Indian Health Board
The National Congress of American Indians

before the

Senate Select Committee on Indian Affairs

February 18, 1986

PREPARED STATEMENT ON THE PROPOSED FISCAL YEAR 1987 BUDGET OF THE INDIAN HEALTH SERVICE

Tuesday, February 18, 1986

> "...in fulfillment of its special responsibilities
> and legal obligations to the American Indian people
> to meet the national goal of providing the highest possible
> health status to Indians and to provide existing Indian health services
> with all resources necessary to effect that policy..."
>
> --Indian Health Care Improvement Act

I am Jake L. Whitecrow, a member of the Cayuga-Seneca and Quapaw Tribes of Oklahoma. I am Executive Director of the National Indian Health Board, and I also serve as co-chairman of the Health Committee of the National Congress of American Indians. The National Indian Health Board is a private, non-profit corporation whose Board of Directors is comprised of tribal representatives elected by area Indian health boards or inter-tribal organizations in each of the 12 IHS geographically-defined service regions. The National Congress of American Indians is the nation's oldest and largest Indian organization. Our two organizations have worked together in concert with other national organizations, inter-tribal councils, tribal governments and concerned individuals to address the health concerns of Indian people. On behalf of the membership of the National Indian Health Board and the National Congress of American Indians, I wish to thank this Committee for the opportunity to present our views on the Administration's fiscal year 1987 budget request for the Indian Health Service.

The National Indian Health Board and the National Congress of American Indians are deeply concerned over the current trends and policies of the federal government's involvement in the provision of health services to American Indians and Alaska Natives. We believe these trends, such as the "new federalism," the Administration's consistent theme of eliminating critical health delivery programs, the President's veto of the Indian health care reauthorization bill, and OMB "rescission" proposals are indicative of a federal attitude which seriously dilutes the trust responsibility for health delivery to Indian people.

Nowhere are these trends more evident than in the Administration's proposed FY 1987 budget for Indian health, a budget request that we view as the latest and most deliberate effort to implement a move toward "termination by non-appropriation." Before addressing specific items within the President's budget document--which is replete with contradictions and false assumptions--we wish to first comment on what we believe is the Administration's unwarranted departure from current federal Indian health policy. We feel that such a discussion is necessary because, in its zeal to slash the federal deficit, the Administration appears to have lost sight of the basic principles upon which the unique Federal-Indian relationship is founded.

I. OVERVIEW: FY 1987 BUDGET REQUEST AND THE FEDERAL GOVERNMENT'S COMMITMENT TO INDIAN HEALTH CARE

The President's 1987 budget request represents a fundamental shift in federal Indian health policy. The rationale expressed in the Administration's budget justification is a clear indication that the Office of Management and Budget has abandoned the national goal of "providing the highest possible health status to Indians."

For the first time the Administration is proposing major cuts in direct clinical health services for Indian people. Over the past six years, we have seen the Administration attempt to eliminate programs such as the Community Health Representatives, Urban Indian Health, Tribal Management, Facilities Construction, and Sanitation, always under the guise of "maintaining key inpatient and outpatient medical care services." However, the FY 1987 request, while again calling for the elimination of these programs, also seeks substantial reductions in direct medical care services.

The Administration's proposal for clinical services (hospitals, dental, mental health, alcoholism, and contract care) in 1987 is more than $47 million less than the amount provided by Congress (after sequestration) for the current fiscal year. This represents a 9.2 percent decrease in clinical funding at a time when medical costs are expected to increase 6-10 percent and the Indian population is projected to grow by at least 2 percent.

Further, this net reduction for clinical services includes program decreases of $67.2 million that strike at the very core of the Indian health care delivery system: Hospitals and Clinics (program decrease of $28 million) and Contract Care (program decrease of $37.8 million). As noted in the Administration's own budget justification, these proposed budget reductions will require drastic cutbacks in hospital admissions, services for the delivery and care of newborns, ambulatory outpatient visits, emergency medical services, patient travel, dental care, and mental health services.

These reductions in services do not reflect the impact of the proposed elimination of the Community Health Representative program, which would place an additional burden on the existing clinical program in areas such as gerontological care, maternal and child care, home health services, and followup examinations. Nor do the Administration's projected service reductions take into consideration the additional $14-$17 million funding cut that will be required if the Balanced Budget and Emergency Deficit Control Act (P.L. 99-177) is not ruled unconstitutional.

Overall, the Administration's request of $722 million for Indian health services in FY 1987 is $85 million less than current funding levels, a 10.6 percent decrease. In addition, the request is $341 million below the $1,062,582,000 originally identified by IHS (prior to being "revised" OMB) as necessary to provide for Indian health care needs in FY 1987. Using even the most conservative estimates of OMB-approved "built-in" mandatory increases (and excluding the proposed program decreases and eliminations), IHS would need approximately $860 million in FY 1987 (see attached chart) in order to continue the provision of most existing services.

As yet another indication of the shift in federal Indian health policy, the Administration, in addition to scaling back key inpatient and outpatient medical services, is considering major changes in IHS eligibility requirements, resource allocation, and medical priorities. Of particular concern is the Department's proposed change in eligibility criteria, which reportedly will seek to establish a blood quantum requirement as a condition for receiving federally funded health care services. This effort to redefine Indian eligibility is driven solely by budgetary considerations. It is a blatant attempt to reduce the eligible Indian service population in defiance of the clearly-stated desire of tribal governments to determine health care eligibility for their populations; it is, in essense, terminating a portion of our Indian population through the budgetary process because of the unwillingness of the Administration to recognize and adhere to the special legal obligation the federal government has to Indian people.

The provision of health care services to Indian people is not predicated on matters of race or economics; it is a legal and historical obligation based on treaty, law, and trust responsibility which the federal government forcibly assumed over Indian nations. The efforts of the federal government to blame increasingly inadequate Indian health services upon budget restrictions is, in effect, a back door attempt at termination of a trust responsibility that could not be dissolved in the Courts.

In light of the foregoing, we wish to submit for the record the attached position statement on the legal basis for the delivery of health care services to Indian people. This statement describes how treaties, trust responsibility, federal court decisions, and legislation form the foundation of an enforceable contract between the federal government and Indian tribes with regard to the provision of health care. This position statement was adopted by the NCAI Executive Council during its meeting here last week.

II. OMB RESCISSION/GRAMM-RUDMAN

The President's FY 1987 request for Indian health assumes that Congress will approve a rescission of $24,262,000 for Indian health services and $38,642,000 for health facilities. The proposed OMB rescission calls for the following reductions:

Hospitals/Clinics:	$ 6,791,000
Contract Care:	$ 2,474,000
CHR's	$ 11,085,000
Urban Health	$ 2,444,000
Tribal Management	$ 1,468,000
Total, Health Services	$ 24,262,000
Total, Facilities	$ 38,642,000

As provided by law, if Congress does not approve the rescission request within 45 legislative days the funds must be made available. However, during this waiting period the monies are withheld, which can result in serious program disruptions. We have already heard reports of severe funding shortages in different IHS areas, which have made operations especially difficult for CHR programs. We urge this Committee to take whatever action necessary to insure that this rescission is not accepted. We also ask that you monitor this situation to insure that there are no major lapses in the provision of services while the rescission request is under congressional review.

The rescission is proposed as part of "the Administration's effort to reduce the large federal deficit." On March 1, the sequestering required by the Gramm-Rudman legislation will force another reduction of $10.8 million in the IHS funding, again as part of the effort to reduce the federal deficit. If it is not found unconstitutional, the Gramm-Rudman law will require yet another cut of $14-$17 million in Indian health for FY 1987, the impact of which is not described in the Administration's budget justification.

We recognize the enormous pressure on this Committee and on Congress to reduce the federal deficit. Further, we deeply appreciate this Committee's efforts in seeking special protection for Indian health programs under the deficit reduction law, which currently shields IHS from the full impact of the required cuts.

However, even these limited cuts (1 percent maximum in 1986, 2 percent maximum in 1987-1991), if implemented, will have a devastating impact on the ability of IHS to provide health care in the coming years. Considering the current IHS health services budget and calculating an estimated ten percent annual increase in the cost of health care and a 2 percent annual increase in the Indian service population, the health services available to each Indian person in 1991 at the end of the Gramm-Rudman cycle will be only 52 percent of what they are today. Given that current restrictions limit most contract care services to emergencies only, a reduction of this magnitude will leave us with almost no health system at all.

We oppose this "termination by non-appropriation" and we call upon this Committee to reject any budget cuts for Indian health. In consideration of the unique federal responsibilities to Indian tribes, we hold that the Indian Health Service should not only be completely exempt from any further reductions, but that the appropriate funding increases should be provided to meet the national goal of improving the health care status of Indian people.

III. FY 1987: SPECIFIC ISSUES

A. Clinical Services (excluding Contract Care)

We find that the Administration's 1987 proposal for clinical services represents a callous disregard of the documented health care needs of Indian people. The Indian Health Service has never met its acknowledged and documented responsibility for providing adequate health care to Indians. Appropriations have historically been inadequate, even immediately following passage of the Indian Health Care Improvement Act, which was designed to bring the health status of Indians to parity with the general population within seven years. Today, by almost any measurable standard, Indian people continue to suffer from the poorest health care conditions of any minority in the country.

The Administration's FY 1987 request does nothing to improve these conditions--it promises only to make them worse. As described in its budget document, the Administration proposes the following reductions in direct clinical services:

--Hospitals and Clinics: The Administration projects a program decrease of $12.6 million that will result in a reduction (from 1985 levels) of 5.923 hospital admissions (excluding newborns). 345 births. and 179.000 outpatient visits. However. the total Hospitals and Clinics program decrease is $28 million. which the Administration proposes to partially offset with $15.5 million from Medicare/Medicaid collections.

--Dental Care: A program reduction of $1.007 million will require that 1.100 Indian patients receive 86.000 fewer services.

--Mental Health: A $403.000 cut will result in 17.000 fewer patient contacts.

In addition to these proposed cuts in services. which we find totally unacceptable. we wish to draw the Committee's attention to two key points related to the clinical services program. First. we note that the justification states that "IHS continues to emphasize the implementation of the Indian Self Determination and Education Assistance Act by assisting tribes and tribal organizations in the assumption of the operation and management of hospital and health clinics activities."

Yet. the Administration has proposed the elimination of one of the few Indian Self Determination initiatives we have seen in recent years: the $3 million line item for tribal administrative (indirect) costs. Problems associated with the funding of indirect costs have proven to be the number one obstacle for tribes that wish to assume control of their health care programs. We believe that. if administered properly. the set aside for indirect costs approved by Congress for the current fiscal year will help facilitate tribal contracting of health programs. We ask that the Committee support an expansion of the tribal indirect cost budget to provide $10 million in FY 1987.

Our second concern has to do with the Administration's references to the reallocation of resources. While we agree that existing health resources inequities should be addressed. we believe it is imperative that tribes be involved in the planning. development and implementation of such activities. The process required in the "Indian Health Care Improvement Fund" (Title II of the Indian health care reauthorization bills now pending in the House and Senate). which calls for extensive tribal involvement. is an example of an appropriate approach to addressing problems related to health resources inequities. We ask that the Committee look carefully at any phased resource distribution plan that detracts from this approach and fails to include tribes in any meaningful participation.

B. Contract Health Care

In addition to the patient care provided through IHS and tribally-operated health facilities. IHS purchases medical services from non-IHS facilities for primary and secondary care in those locations where the IHS does not have a facility.

The Contract Health Service (CHS) program includes the purchase of general medical and surgical hospitalization such as hospital, physician and other services incidental to inpatient care. Ambulatory care services, including services such as outpatient physician care, laboratory, x-ray and pharmacy are also included within the program. Limited patient and escort travel and dental services are provided. Other costs are incurred to support the direct delivery of care, such as medical referrals, diagnostic services, and needed specialist consultations.

The FY 1987 request includes a built-in increase of $9.95 million, not nearly adequate to absorb expected inflationary costs. Based on actual IHS experience, medical and surgical hospitalizations unit cost is projected to increase by 7 percent between FY 1986 and FY 1987. Ambulatory care is projected to increase at a rate of approximatly 10 percent in cost per visit in FY 1987. Dental service costs are expected to rise by 6 percent. Adding the proposed program decrease of $37.82 million to the impact of other inflationary costs over the past two years would result in the loss of one-third of the contract care program's buying power since FY 1984.

For the past several years, this Administration has insisted on its commitment to "maintaining key inpatient and outpatient medical care resources" in the IHS budget. Yet, it now chooses to drastically reduce the CHS budget, the largest component of which goes for hospitalization in nearly every IHS area. According to IHS estimates, the FY 1987 request would mean that some 4,920 less admissions (down nearly 25 percent from a total of 21,512 projected admissions for FY 1986) and 22,630 less hospital days would be possible. The number of ambulatory outpatient visits would also be reduced by nearly 25 percent, from a projected 239,757 in FY 1986 to 182,293. The program decrease would also result in 8,268 less patient and escort trips and 7,571 less dental patients being served.

The picture all this paints is one of greatly reduced access to health care services for Indian people. The IHS is already primarily under an urgent and emergency care priority. CHS funds are not to be expended for services reasonably accessible and available at an IHS facility or from alternate resources such as Medicare, Medicaid, state and local programs, and private insurance. At the same time, services via these alternate resources are decreasingly available as witnessed by the President's budget request that would cap Medicaid expenditures.

In an area like Portland which depends on alternate resources for a large portion of its health services, the demand for contract care can be expected to increase significantly in the immediate future. Because it has no inpatient facilities, the impact of the proposed cut in Contract Health Services would be especially great for this area.

The reduction as proposed would likely destroy the health care system for the most underprivileged tribal group in the Tuscon area. The 2,900 Pascua-Yaqui tribal members are now funded under a Health Maintenance Organization for a full range of comprehensive services. That HMO is planning to go out of business and it is estimated that to fund tribal members under another HMO would cost twice as much. Thus, in light of the proposed reduction, the only alternative appears to be providing payment for care on an individual basis, causing a drastic reduction in the range of services available.

A similar situation faces Pawnee tribal members. In lieu of constructing a hospital for this tribe, Congress opted to finance a "benefit package" of care provided in local facilities. The amount of expenditures per person has already been capped and the "package" of services reduced. If the program were further cut by the level proposed it would no longer be sustainable.

The sting of the proposed cut in contract care would not be felt by Indian communities alone. The IHS has approximately 1,300 contracts with private providers. Last year, funds were specifically appropriated for an IHS contract with the hospital in Chamberlain, S.D. to serve persons from the Crow Creek and Lower Brule reservations. The hospital depends on the funding from IHS for its economic viability. IHS clinic doctors serving the Uintah and Ouray reservation utilize the local hospital in Duchesne County, Utah to admit their patients. The economic support from IHS also makes this hospital economically viable. Under reductions of the magnitude proposed by the President's budget, inpatient admissions would become severely limited, likely forcing the closure of the Duchesne County, Utah; Chamberlain, S.D.; and many other rural hospitals. Not only Indian people but their non-Indian neighbors would lose their access to health care.

We find the proposed reduction of health services to Indian people intolerable. At present, the funds of nearly every IHS contract program are depleted before year's end. The severe backlog of surgical cases eliminated with passage of the Indian Health Care Improvement Act is, sadly, beginning to recur. In the Portland area alone, there is a reported $3.5 million in deferred contract care cases affecting 4,400 patients. We, and undoubtedly the physicians of the Indian Health Service, do not consider it sound medical practice to ask Indian people to delay needed medical care leading to unnecessary advanced pathology at a later date.

C. Third Party Collections

For the past five years the Administration has projected unrealistically high collections from Medicare/Medicaid, private insurers and other third party sources, and has then attempted to use these inflated figures to offset increases in budget requests. The request for FY 1987 continues this trend, with third party collections projected to increase to $76.6 million, including $69.1 million in Medicare/Medicaid reimbursements. This projection is made despite the fact that the President's budget proposes a cap on Medicaid expenditures. In addition, the Administration's projection is based on proposed expanded authority to collect reimbursements (e.g., from private insurance companies) that does not yet exist. Given the Administration's proclivity for overstating its collections, it would appear that the projected FY 1987 target far exceeds what the agency can be expected to recover.

Approximately $15.5 million in Medicare/Medicaid collections is proposed for use in the Hospital and Clinics budget in order to offset "built-in" increases such as FICA payments, within grade promotions, and inflationary costs. This request violates the intent of Title IV of P.L. 94-437, which restricts use of these collections to activities that will maintain accreditation of IHS facilities.

The Administration also plans to intensify its efforts to bill, collect, and distribute reimbursements from third-party payers, including insurance companies. In order to pursue this effort, the Administration is seeking the following bill language in fiscal year 1987:

> ...the Indian Health Service shall take whatever action it deems appropriate to collect reimbursements from third party payers for costs of care given to persons treated at an Indian Health Service facility.

We note that this language would replace current bill language which states:

> ...the Indian Health Service shall not initiate any further action to bill Indians in order to collect from third-party payers nor to charge those Indians who may have the economic means to pay unless and until such time as Congress has agreed upon a specific policy to do so...

We are concerned that IHS and the Health Services and Resources Administration might use this authority to improperly bill individual Indians in an effort to establish liability, or to charge those Indians that might have the financial means to pay for services. We request that this Committee carefully consider this language against other alternatives that might address existing barriers to third party collections and achieve the same goal of increased reimbursements.

D. Community Health Representatives

Once again, in spite of the integral part the Community Health Representatives play in the tribal health care delivery system, the Administration is seeking to eliminate the program "in an effort to focus scarce federal resources on maintaining key inpatient and outpatient medical care services." Clearly, the Administration has not heard the plea of its own Indian Health Service physicians and other medical professionals, some 170 of whom last year (in a petition to the acting director of the IHS) insisted that "closure of the Community Health Representative program would have a severe negative impact on our ability to provide a comprehensive health program for the Indian people."

The CHR program has demonstrated major accomplishments in the areas of patient utilization of health services, tribal health program development, and direct health care delivery. The CHRs are invaluable to Indian communities, particularly in their ability to provide outreach and home health. Loss of the program would severely hinder monitoring of elderly and high risk patients and early disease detection efforts.

One of the most dramatic influeneces of the CHR program in tribal delivery of direct health care is demonstrated by the accomplishments in tribal Emergency Medical Service programs. Without this program many reservations would have no ambulance drivers for their emergency medical systems. Other reservations would lose their entire EMS technician and first responder staffs. This would be devastating for isolated reservation areas where emergency medical care is crucial to individual survival in accident cases.

Since establishment of the program in 1968, the CHRs have often been the catalyst for focusing the attention of Indian communities on critical health issues. The establishment of community programs in areas such as nutrition, child care, senior citizen services, youth activities, sanitation, home maintenance, alcoholism, and child protection have often been directly attributable to efforts of the CHRs in identifying such needed services.

At the direction of the 97th Congress for increased accountability of CHR program resources, the IHS has developed a uniform scope of work for use by all tribal CHR programs and is field testing a mandatory reporting system.

We urge the continued funding of the CHR program of at least the present $29.53 million (approximately $3.94 million is included in the IHS Hospital and Clinic activity to provide for the Emergency Medical Services portion of the CHR program), and an additional $5 million increase to provide a modest cost-of-living adjustment for these dedicated health care providers for the first time since 1980.

E. Urban Indian Health

As reflected by the 1980 Census, approximately 50 percent of the American Indian population resides in off-reservation areas. In establishing Title V of the Indian Health Care Improvement Act, Congress recognized that these persons experience a disproportionate problem of access to health services and that their health needs were not being met by other resources.

Nonetheless, in its FY 1987 budget, the Administration proposes elimination of the urban health program, clinging to its discredited argument that Indians will be eligible for services funded with alternative resources, such as Medicare/Medicaid, community health centers, the National Health Service Corps, block grants to states, and other state and local funding agencies. As testimony by urban Indian health directors has, year after year, clearly demonstrated, this has not been the case. They have presented letter upon letter from local providers of low cost health care, including the Association of Community Health Centers, stating that their programs are unable to absorb additional patients.

Some 37 programs are funded under the urban Indian health activity, the majority of which provide direct health services. In FY 1985, 162,563 medical services were provided along with 51,800 dental, 106,191 community services, and 186,501 other health-related services. A total of $9.59 million was generated from other non-IHS sources by the 37 programs. The urban health program's use of its $9.64 million appropriation (along with other resources secured) to serve an estimated 300,000 population makes it one of the most cost-effective health care delivery mechanisms within IHS.

We strongly support the Indian health projects in their request for $10.75 million to allow program continuation in FY 1987.

F. Tribal Management

One of the major contradictions of the Administration's FY 1987 budget justification concerns the Tribal Management program. Despite its claim that IHS will strengthen "Indian self determination activities" in FY 1987, the Administration has again proposed the elimination of Tribal Management activities. Tribes and tribal organizations utilize grants from this important funding source to plan, evaluate, and develop their capacity to contract for health programs under P.L. 93-638. Tribal management grants have funded projects that have resulted in the development or improvement of program management systems; training on standards of the Joint Commission on Accreditation of Hospitals, so that tribes can increase collections from Medicare, Medicaid, and third-party resources; analysis of data collection systems; program audits, and other projects designed to enable tribes to enhance their management capabilities.

Elimination of this program will lead to the curtailment of technical assistance, planning, and other management-related activities currently provided under this authority, and it will further frustrate tribal efforts to contract under P.L. 93-638. We oppose the Administration's recommendation to end Tribal Management activities, and we request that the Committee support expanded funding of $6 million in order to more realistically address tribal needs in this area.

G. Facilities Construction

The Administration has requested a rescission of $38,642,000 of facilities construction monies in FY 1986, and has failed to request funding for the planning and construction of hospitals, outpatient clinics, and personnel quarters in FY 1987. We oppose these recommendations as well as the Administration's proposed merger of the "Indian Health Facilities" and "Health Services" budgets, which we believe would eliminate the flexibility necessary for administering the facilities construction account. We ask that the Committee support the continuation of a separate authority for IHS construction activities (including Sanitation Facilities).

For the past several years, this Committee has followed the hospital and outpatient clinic priority lists in preparing its recommendations for new and replacement facilities. This system, although plagued by constant foot-dragging and planning disagreements within the Department, has provided a rational approach to the construction of facilities on Indian reservations. We ask that the Committee continue to monitor IHS' and the Department's performance in the expenditure of these funds in order to insure that construction projects are completed in a more timely manner.

In accordance with the IHS facilities' priority lists, we request that the Committee consider the following projects for FY 1987:

1. Hospitals--For completion of construction and purchase of equipment at Rosebud, S.D., Pine Ridge, S.D., and Sacaton, Ariz.; and for planning of replacement hospitals in Anchorage, Alaska, Ft. Defiance, Arizona, and Crow, Montana.

2. Modernization and Repair--For planning of hospital modernization at Shiprock, N.M. and Harlem, Mont.; and for addressing the backlog of $28 million in miscellaneous repairs and energy conservation retrofit projects at Indian health facilities.

3. Outpatient facilities--For construction of the clinics at Toppenish, Wash. and Wagner, S.D., and planning/design of clinics at Parker, Arizona; Ft. Hall, Idaho; and Sallisaw, Oklahoma.

4. Personnel Quarters--For design and construction of quarters at Sacaton, Arizona; Kyle, S.D.; Ft. Thompson, S.D.; Wolf Point, Mont.; and Rosebud, S.D.

H. Sanitation Facilities

One of the most successful efforts in the area of preventive health is the IHS sanitation program which, in cooperation with tribal governments and housing agencies, has constructed and provided essential water supply, sewage disposal, and solid waste disposal for Indian homes and communities. The provision of these facilities, as noted by the Administration's budget justification, has "a significant impact on the reduction of infant mortality, gastroenteritis death rates, and other environmentally related diseases and injuries."

We are puzzled by the Administration's budget, which once again fails to request funds for the sanitation program and, even more confusing, maintains that "over 80 percent of Indian and Alaska Native homes now have sanitation and safe water." Contrary to case made by the Administration, there are still thousands of Indian homes that lack adequate water and sewage facilities. The unmet need for water and sanitation facilities in existing Indian homes has been estimated to exceed $500 million.

The proposed reauthorization of the Indian Health Care Improvement Act would establish an initiative to eliminate this backlog within 10 years. We ask that $31 million be provided in FY 1987 to begin this important multi-year program to provide water and sanitation facilities in 3,600 existing Indian homes, and to also provide for emergency projects, equipment and training. In addition, we ask that $24 million be provided for water and sewer hook-ups in new non-HUD Indian homes planned for construction in FY 1987.

This concludes our statement. I wish to reiterate my sincere appreciation to this Committee for its outstanding efforts to improve the health care of American Indian and Alaska Native people. Without your commitment and support, health care services for Indian people would be vastly inferior than what we have today. I thank you for the opportunity to present my views, and I would be pleased to answer any questions you might have about my testimony.

Attachment A

POSITION STATEMENT ON THE DELIVERY OF HEALTH SERVICES BY INDIAN HEALTH SERVICE

The National Congress of American Indians, united in one voice, expresses the concerns over what we know to be the national Indian goal: To provide the highest possible health status to all Indians and to move towards developing strategies that will provide Indian Health Service and tribal governments all the resources necessary to accomplish that goal.

The National Congress of American Indians (NCAI) is deeply concerned over the current trends and policies of the federal government's involvement in the provision of health services to American Indians. We believe trends, such as the "new federalism," the Administration's consistent theme of eliminating critical health delivery programs, the President's veto of the Indian Health Care Reauthorization bill, and OMB "recission" proposals, are indicative of a federal attitude which seriously dilutes the trust responsibility for health delivery to Indian people. Indian Health services are already stretched to their limits; it is now incumbent upon us to unite and confront this situation in a manner that will retain our pride and dignity, and restore and preserve the government to government relationship we have fought to protect.

LEGAL BASIS FOR HEALTH SERVICES DELIVERY

Recognized Indian tribes and their members have an enforceable right to receive health care from the United States. This right is based on several points of settled law and established history.

Trust Responsibility

The provision of federally-funded health care to Indian tribes began during the years when Indian affairs were administered by the War Department; military physicians were assigned to prevent the spread of contagious diseases in the first Congressional appropriations for Indian health care.

The federal policy to begin to provide health services, food, and other social services to Indians was necessary because of the extreme hardship tribes were subjected to in the process of settling Indians on reservations where traditional practices of self-sufficiency could not be followed. In the Kagama Case, the U.S. Supreme Court stated: "they (meaning Indians) owe no allegiance to the States, and receive from them no protection. Because of local ill feeling, the people of the States where they are found are often their deadliest enemies. From their very weakness and helplessness so largely due to the course of dealing of the federal government with them and the treaties in which it has been promised, there arises the duty of protection, and with it the power. This has always been recognized by the Executive and Congress, and by this court whenever the question arises."

Under certain circumstances the Supreme Court has held that the duties of the United States to Indian people are those of a guardian for a ward. When those circumstances are present, the United States can be compelled through the courts to provide its wards with goods and services. In United States v. Mitchell, the Supreme Court said "a fiduciary relationship necessarily arises when the government assumes such elaborate control over...property belonging to Indians..." and recognized the "undisputed existence of a general trust relationship between the United States and Indian people. This Court has previously emphasized "the distinctive obligation of trust incumbent upon the government and its dealings with these dependent and sometimes exploited people." This principle has long dominated the government's dealings with Indians... Given the existence of a trust relationship, it naturally follows that the government should be liable in damages for the breach of its fiduciary duties...prospective equitable remedies are totally inadequate." The history of the provision of health services to Indians and the scheme of federal treaties, statutes, and regulations providing health services to Indians is no less comprehensive, (White v. Califano,) 437 F. Supp. 543 (D.D.F. 1977), aff'd 581 F.2d C97 (S.Cir, 1978.)

Treaties

"Beginning in 1836, a number of Indian treaties bound the United States to provide health care to tribes, an obligation that remains enforceable in court. The Constitution of the U.S. is very clear: "This Constitution...and all treaties made, or which shall be made under the authority of the United States, shall be the supreme Laws of the Land." (Article VI).

Legislation

For many years before authorizing legislation was passed for Indian health care, Congress and the Administration acknowledged the federal responsibility to provide health services to Indians by appropriating funds for this purpose, first to religious and philanthropic organizations and then beginning in 1910, to the Bureau of Indian Affairs (BIA). In 1912, President Taft sent a special message to Congress requesting additional health care dollars for Indians: "As guardians of the welfare of the Indians, it is our immediate duty to give the race a fair chance for an unmaimed birth, a healthy childhood, and a physically efficient maturity."

Through the Snyder Act of 1921, Congress demonstrated its intent to provide health and other services to Indian people for as long as the federal-Indian trust relationship continues. While the language of this Act is general with regard to actual appropriations, the legislative history of the bill shows that the Act was adopted in order to provide specific authority for the delivery of federal services which had for decades been viewed as "integral parts of the Indian services, nearly all of which have been appropriated from year to year and will continue, in all probability, as long as the Service does." H. Pep. Mo. 275 67th Congress, 1st Session (1921), and 61 Cong. Rec. at 4684. Debates concerning the Act show that Congress was well aware of the guardianship responsibility of the federal government with respect to Indian affairs and were specifically aware of the poor health status of Indian people and the importance of health care to their future. During the debate on the Act in the House of Representatives, Rep. Leatherwood from Utah went so far as to characterize health care as one of the "fundamental obligations of the federal government to Indian people." In the Johnson O'Malley Act of 1934, 25 U.S.C. Section 453, et. seq., Congress acknowledged the federal government's responsibility to provide comprehensive medical services for Indian people. The legislative history of the JOM Act emphasizes that the federal government would retain financial responsibility for the provision of services to all membersof federally-recognized tribes.

Congressional reports on the Act state that the term "medical attention" as used in the Act is meant to include:

> physical examinations, medical and surgical work and treatments, hospitalization, dispensary and convalescent care, nursing, sanitation and the application of such other public health measures as might be necessary, including prevention, investigation, suppression and control of contagious and communicable diseases.

The Transfer Act transferred health services to the Department of H.E.W., now Department of Health and Human Services (HHS). The Senate report on the proposed transfer acknowledged that "the BIA is responsible, under present law, for the total health program--both preventive and curative medicine--for all Indians registered as members of the various tribes in the U.S. and Indians and natives of Alaska, and the legislative history of the ACT shows that the transfer was motivated in large part by the desire to IMPROVE the quality of medical services provided to Indian people by placing them under the control of the professionally controlled and better-funded IHS. The Indian Health Care Improvement Act of 1976 established a new framework for increasing federal health and medical services to Indians. Congress recognized that insufficient services and appropriations were being made available to meet the federal responsibility for Indian health care and set forth a plan of action "in fulfillment of its special responsibilities and legal obligations to the American Indian people to meet the national goal of providing the highest possible health status to Indians and to provide existing Indian health services with all resources necessary to effect that policy." The Act further states that:

> "Federal health services to maintain and improve the health of the Indians are consonant with and required by the federal government's historical and unique legal relationship with and resulting responsibility to the American Indian people."
>
> "All other federal services and programs in fulfillment of the federal responsibility to Indians are jeopardized by the low health status of the American Indian people."

Health services considered essential under this Act include:

> "...comprehensive health care services, including hospitals, ambulatory care service preventive and rehab services, and development of community sanitation facilities..."

A legal review of the above general legislation concerning health care for Indian people concludes that it creates an enforceable contract between the federal government and the Indian people with respect to health care.

Attachment B

INDIAN HEALTH SERVICE
FY 1987 Budget
($'s in thousands)

President's Request

	FY 1986 Appropriation after Sequestering	FY 1986 Proposed Recission	FY 1987 Proposed Budget
HEALTH SERVICES			
Clinical:			
Hospital & Clinics	429.007	(6.791)	409.614
Dental	25.620		25.692
Mental Health	11.334		11.399
Alcoholism	24.381		26.263
Maintenance & Repair	8.535		9.025
Contract Care	168.340	(2.474)	138.000
Preventive:			
Sanitation	20.596		21.334
Public Health Nursing	12.317		12.851
Health Education	3.578		3.742
Immunization	2,678		395
Community Health Reps	25.585	(11.085)	0
Urban	9.644	(2.444)	0
Manpower	6.395		5.418
Tribal Management	1.968	(1.468)	0
Direct Operations	57.787		56.195
Indian Health Facilities			2.450
TOTAL HEALTH SERVICES	807.765	(24.262)	722.378

NIHB:2/85

Attachment C

INDIAN HEALTH SERVICE
FY 1987 Budget

($'s in thousands)

Mandatory Increases/Program Restoration

HEALTH SERVICES	FY 1986 Appropriation after Sequestering	FY 1987 Built-in Mandatory Increases	FY 1987 Requested Increases *	FY 1987 Total Budget	Percent Change
Clinical:					
Hospital & Clinics	429.007	15.548	10.000[1]	454.555	6.0%
Dental	25.620	1.079		26.699	4.2%
Mental Health	11.334	468		11.802	4.1%
Alcoholism	24.381	1.882		26.263	7.7%
Maintenance & Repair	8.535	490		9.025	5.7%
Contract Care	168.340	9.952		178.292	5.9%
Preventive:					
Sanitation	20.596	738		21.334	3.6%
Public Health Nursing	12.317	534		12.851	4.3%
Health Education	3.578	164		3.742	4.6%
Immunization	2.678	(2.283)		395	-85.3%
Community Health Reps	25.585		5.000[2]	30.585	19.5%
Urban	9.644		1.106[3]	10.750	11.5%
Manpower	6.395			6.395	0.0%
Tribal Management	1.968		4.032[4]	6.000	204.9%
Direct Operations	57.787	1.070		58.857	1.9%
TOTAL HEALTH SERVICES	807.765	29.642	20.138	857.545	6.2%

NIHB Requested Increases:
1) Program increase for administrative costs of tribal contracts
2) Cost of living increase for Community Health Representatives
3) Cost of living increase for Urban Indian Health
4) Program enhancement for Tribal Management

NIHB:2/85

Mr. TAYLOR. Thank you very much, Mr. Whitecrow. I can assure you that the Indian health issues are of grave concern to the committee.

Mr. Tonasket?

STATEMENT OF MEL TONASKET, REPRESENTATIVE, NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

Mr. TONASKET. Thank you.

I, too, have a prepared statement for the record. Also, I have just given you, prior to our going back into session, an addition for the record, which is a projected deficit, deferred services, and elimination of programs—the three titles on that document—that I would like to make a part of the record also.

Mr. TAYLOR. That is the document titled "Portland Area"?

Mr. TONASKET. Yes.

Mr. TAYLOR. We will make both your prepared statement and that document a part of the hearing record at the conclusion of your remarks.

Mr. TONASKET. OK. Thank you very much.

What I would like to do, sitting through the hearings today and sitting through the National Congress of American Indians meeting last week and health board meetings down in the Portland area, I have heard a lot of generality talk about health services being a treaty right and that the Federal Government has this responsibility. I would like to take the time to make it very clear for the record, as one famous name in this country said, "I would like to make it perfectly clear" what that is based on. With that, I would like to just quote some of the language that this Government through its Supreme Court and through this Congress has stated about Indian health and how we got there, because it is a long history and it is far more than just a treaty right.

For example, in the *Kagama* case the U.S. Supreme Court said this:

> From the very weakness and helplessness so largely due to the course of dealing of the Federal Government with them and the treaties in which it has been promised, there arises a duty of protection and with it the power.

In the *Mitchell* case, which is a fairly recent case, the United States Supreme Court said:

> A fiduciary relationship necessarily arises when the Government assumes such elaborate control over the property belonging to Indians.

Another part of the *Mitchell* case stated that:

> Given the existence of a trust relationship, it naturally follows that the Government should be liable in damages for breach of its fiduciary duties.

In article VI of the U.S. Constitution it states that this Constitution and all treaties made or which shall be made under the authority of the United States shall be the supreme law of the lands.

Now not all treaties, granted, have treaty language that deals with Indian health, but many of the treaties do, starting back from about 1836 or so, and particularly in my area, in the Northwest, all of those treaties have language that deals with the responsibility of the Federal Government to provide Indian health service.

The President back in 1912, President Taft, stated that, "As guardians of the welfare of the Indians, it is our immediate duty to give the race a fair chance for an unmaimed birth, a healthy childhood, and a physically efficient maturity." Now that was back in 1912 when President Taft mentioned unmained birth.

Today on the Culville Indian Reservation fetal deaths are five times as high for Indians in the State of Washington, neonatal mortality is eight times that of the State of Washington, and postnatal mortality is six times as high as the State of Washington. So we haven't really come a long way since 1912 when that statement was made.

Some of the legislation that is very important to Indian health is the Snyder Act of 1921. Granted, that act was an appropriation-authorization bill, as I was told by somebody in the other House last week, but what was ignored was that during the debate on the act in the House Representative Leatherwood from Utah characterized health care as one of the "fundamental obligations of the Federal Government to Indian people." So it was recognized in that, and we hold that very dear.

In the Johnson-O'Malley Act of 1934 congressional reports on the act stated that the term "medical attention" as used in the act is meant to include physical examinations, medical and surgical work and treatments, hospitalization, dispensary and convalescent care, nursing and sanitation, and the application of such other public health measures as might be necessary, including prevention, investigation, suppression, and control of contagious and communicable diseases.

In the Indian Health Care Act there was a quote that is very important: "In fulfillment of its special responsibilities and legal obligations to the American Indian people"—referring to the United States Government—"health services considered essential under the Indian Health Care Improvement Act included"—and this is from the act—"comprehensive health care services, including hospitals, ambulatory care service, preventive and rehab services, and development of community sanitation facilities." Very important words that relate to Indian Health Service and why we have it, and why the Indians today are fighting so hard to just exist.

When you consider that language that was used by the U.S. Supreme Court and the treaties and this U.S. legislative body, what we are facing today is Indian health service that is carried out at a "urgent and emergent services only." What that means, people, is that you have to be on the verge of dying or you will die probably within one year if you don't receive these services. Everything else is set to the side. We don't have enough money in the Indian Health Service to fund it.

What that also ignores publicly is that about 50 percent of the Indians in this country are ignored. These off-reservation Indians are not counted by the Indian Health Service, the big majority of them, so they don't receive any services at all. They are already excluded. Leaving us 50 percent, now with the proposed new qualifications, to get health services, they are even talking about cutting it even more. If you are not a quarter Indian but yet you're still enrolled in a federally recognized tribe, you will not be eligible for services.

Now that, without any doubt, is termination of an Indian right of an enrolled tribal member without specific legislation terminating that Indian and without an amendment to a treaty, agreed by both governments to amend the treaty to exclude that and terminate that less-than-a-quarter-degree tribal-enrolled member—termination.

What that really amounts to is that Indian Health Service regulations created a system in which the ability to get medical care depends not on the medical necessity but on administrative delivery mechanism and on the availability of the money appropriated to purchase those medical services. I believe, and many of us believe, that they have the system backward.

In the Northwest presently there's a $2.5 deficit in Indian Health Service hospitals and clinics. To pay for that deficit, what they are probably going to have to do is to take that money out of contract care. In the Northwest there are no Indian Health Service hospitals, so any hospital care, surgery, has to be done with contract health money. We are already at the urgent and emergent service only.

Again, in the Portland area office, $3.5 million in deferred contract health service in the Northwest area—that amounts to services provided to about 4,400 Indians in our three States of Oregon, Idaho, and Washington.

Now if the fiscal year 1986 total rescission is approved, in sanitation facilities that will affect about 130 homes in the Northwest. If the 1986 fiscal year partial rescission goes into effect, approximately 90 homes will be affected. If the fiscal year 1987 sanitation budget is stopped, then that will affect an additional 120 to 150 Indian homes. The unmet needs for the water and waste improvements for existing homes and communities in the Northwest is about $14 million now.

Looking at the proposed budget cuts, we see the elimination of urban Indian health programs. In the Northwest that will affect about 28,000 Indians that live—now these are enrolled Indians—that live in Seattle, Portland, and Spokane.

Also, the CHR Program is scheduled for elimination. That will about 30 tribes in the Northwest. When you consider that many of the tribes in the Northwest are in isolated areas, in the mountains, a lot of snow, the economies are really depressed—on my reservation there is somewhere around 70-percent unemployment; people are losing their homes; they don't have cars. It is the CHR's that go out into the back country to pick up our grandpas and grandmas and our children to bring them in to our Indian Health Service clinic or to the non-Indian clinics and hospitals outside the reservation. If we lose them, we lose those services. God knows what the effect of that will be to people, particularly from isolated areas like ours.

The Gramm-Rudman deficit reduction plan really is a devastation on Indian health care. We are told—and we were told last week at NCAI—that it is only 1-percent reduction for Indian health, and that is not bad considering the proposed reductions in other programs and other departments of Government. But that's not really an accurate measure.

When you consider that the Indian Health Service budget is already at a critical stage, when we have to be on the verge of dying to be eligible for services now, when you count a 10-percent annual increase in the cost of medical care in that outside system, when you add to that another 2-percent population growth for the Indians tribes, and then you add to that also that there is a number of tribes that are being rerecognized for Federal recognition—you put all of that together and what you have is by 1991, at the end of the Gramm-Rudman devastation, you have services that will probably be about half of what they are today, and that is a lot more than 1 percent. It is just inconceivable where cuts can be made even at that proposed 1 percent that they say when you recognize that's actually going to be a 50-percent cut.

We had hoped and had faith that the words used in the Snyder Act, the Johnson-O'Malley Act, the Transfer Act, the Health Care Improvement Act, and the Congressional Records, in the *Kagama, Mitchell, White* v. *Califano* cases would be honored, and be honored by honorable men, and we still do today.

We cannot accept nor recommend any Indian Health Service cuts. We hold that the Indian Health Service should not only be completely exempted from any further cuts, nor should the Indian Health Service be forced to accept the rescissions proposed by the President. Instead, they should be enhanced to meet the Federal responsibilities that were described earlier in my statement.

With that, I thank you for the opportunity to testify and present these to you today.

[Mr. Tonasket's prepared statement, on behalf of the Northwest Portland Area Indian Health Board, and the referred to attachment "Portland Area," follow:]

NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD
123 N.W. SECOND AVE. • ROOM 321 • PORTLAND, OREGON 97209
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NORTHWEST INDIAN HEALTH PROGRAM AND FUNDING CONCERNS

Mr. Chairman, Members of the Committee, and Honored Guests,

Good morning, I am Mel Tonasket, Vice-Chairman of the Colville Tribe and a member of the Northwest Portland Area Indian Health Board, an intertribal health organization representing the thirty-seven (37) federally-recognized tribes of Oregon, Washington, and Idaho. Our Northwest tribes greatly appreciate this opportunity to document the serious financial problems in our Indian health care system which are leading to dangerously inadequate health care to our Indian population.

The statistics which follow relate to the current fiscal situation in the Indian Health Service; all Areas are presently operating at a F.Y. 1985 base level. If the Gramm-Rudman budget reductions and the Administration's proposed recissions are applied to the F.Y. 1986 budget, the financial picture could be far worse, but we are not now able to project exactly what it would be.

PROJECTED DEFICITS

The Northwest is projecting a $2,643,000 deficit in the IHS Hospitals and Clinics budget activity which employs an average of 250 full-time equivalent positions annually. This activity pays for appoximately 30% of all P.L. 93-638 contracts in the Northwest, and supports all primary care providers, clinical nurses, pharmacists, medical technologists, etc., and their related support costs. With our resources declining annually, a projected medical inflation rate of 8% in the Northwest, pay increases not covered by supplemental appropriations, and workload increasing approximately 5% annually, our financial perspective is getting worse every year. In addition, the Northwest is projecting a $599,000 deficit in Direct Operations. Originally, the Area Office was projecting a $126,000 deficit, but based on the most recent planning allocation that has increased by an additional $433,000. This activity pays for all positions located in the Area Office and their related support costs. It supports such functions as Financial Management, Human Resources Services, Administrative Services, Contracting and Procurement, etc. Also in other budget activities such as Dental, Mental Health, Public Health Nursing, etc., we are projecting an additional $114,000 deficit. These activities pay for Dentists, Dental Assistants, Psychiatrists, Community Health Nurses, etc., and their related support costs. The total projected deficit for the Northwest is $3,316,000.

DEFERRED CONTRACT HEALTH SERVICES

Since the Northwest has no Indian Health Service hospitals and there is limited access to IHS and tribal clinics, Northwest Indian people are dependent on the contract health services system (CHS) for all hospital care, as well as many outpatient services. Because the CHS budget for the Portland Area is so inadequate, most contract health care is limited to urgent and emergent (Priority I) services, defined as those services which are needed to prevent death within one year. Other necessary health care, which may be vital to an individual's well-being and is authorized by IHS regulations, but may not be immediately life-threatening, is placed on a "deferred services" list, in the hope that IHS may eventually be allocated additional CHS funds to meet these needs.

At the end of the first quarter of F.Y. 1986, there were at least 4,400 individual Indian patients listed for deferred medical, surgical, dental, vision, and hearing services in the three (3) states of Oregon, Idaho, and Washington. The resource requirement to meet this known need is $3,500,000. The deferred services requirement has increased this fiscal year at the rate of $200,000 per month. The requirements do not include the unknown need for treatment of alcohol and substance abuse clients which presently are not being provided through referrals because of funding constraints, and other patients that have given up seeking deferred services due to constant denials.

The Portland Area Office Indian Health Service Contract Health Service deferred services list from August 1, 1984 to February 2, 1986 has a large number of patients needing medical and dental care. There are presently 418 patients needing surgery. An example is an elder Indian woman having the carpal tunnel syndrome, a condition that affects the small bones at the base of the palm of the hand. Pressure causes pins-and-needles, numbness,or pain in a particular area of the hand. This woman makes her living weaving baskets, but with this debilitating condition she is unable to make a living.
This woman has been placed in the deferred services list for more than one and a-half years because the condition she has is not Priority 1, urgent and emergent. Other deferred services examples include cataract removals, knee reconstruction, hearing problems, and dental surgeries.

ALTERNATE RESOURCES

Cutbacks on alternate resources in the Northwest will also have a big impact on our programs. Additional burdens will be placed on Contract Health Services andother funding sources as alternate resources such as State medically needy programs, tribal insurances, etc., are being eliminated due to poor timber industry and other non-favorable economic conditions that exist in the Northwest, as well as to poor state and local financial situations due to reductions in federal funding.

CONSTRUCTION OF NEW OUTPATIENT FACILITIES

Currently there are three (3) ambulatory care facilities in the Northwest on the priority list and we have many others that also need replacement or remodeling. We consider the investment in IHS and tribal ambulatory care as a very wise one. All construction projects are seemingly stalled. If we do not have a replacement program for poor facilities and do not have adequate funding to maintain this present property, the quality of care to our Indian patients deteriorates and our ability to attract competent professional staff diminishes.

Improvement in health status is dependent upon effective community-oriented primary care. The cornerstone of that approach is an effective ambulatory and preventive health program.

P.L. 86-121 Activities

Identified below are the impacts of the proposed recision of Sanitation Facilities Construction funds in the Northwest:

1. Total recision of F.Y. 1986 funds - water and wastewater facilities for approximately 130 HIM and Tribal loan homes scheduled for funding in F.Y. 1986 would not be constructed.

2. Partial recision of F.Y. 1986 funds - approximately 90 homes could not be served. Funds for 40 homes have already been obligated to P.L. 86-121 projects.

3. F.Y. 1987 failure to fund Sanitation Facilities Construciton - an additional 120-150 Indian homes which would be expected to be served would not receive such services.

4. Unmet needs - currently recognized unmet needs for water and waste improvements for existing Indian homes and communities in the Northwest is estimated to be $14,000,000.

The budget options described in (1), (2) and (3) would mean new homes would be available, but Indian people would not be able to move in because water and sanitation hook-ups would be lacking.

The above impacts are in addition to the affects on Indian housing caused by the proposed recission and cancellation of HUD homebuilding programs.

TRAINING

Based on current training policies it is difficult to provide "Management" training to Tribal Health Administrators and equivalent positions. The special "Management" training funds ($1 million) authorized by Congress should also be made available to tribes that are operating IHS equivalent health programs. We do not feel that it was the Congressional intent to eliminate participation by Tribal Managers, but this is happening through inertia and lack of understanding by IHS Headquarters.

PROPOSED ELIMINATION OF PROGRAMS

The present Administration is proposing elimination of three (3) programs that are very important in providing services to Indians in the Northwest. One of the programs is the Urban Indian Health program which supports 28,000 urban Indians annually in Seattle, Portland, and Spokane. The total cost of these three (3) projects are $1,811,000. If these three (3) urban programs are eliminated the increased requirement on Hospitals and Clinics, Contract Health Services, and other budget activities will be significant. Another program that has been targeted for elimination is the CHR program. Presently, more than thirty (30) different tribes are being served by this program in the Northwest. If this program is eliminated, services such as patient escort to and from clinics or hospitals will be lost, home care visits, educational activities, etc., will be terminated which will put an additional burden on all the other budget activities. The total cost of the CHR program in the Northwest is $2,042,000. The other program that is being proposed for elimination is Tribal Management. This activity provides funding for training and technical assistance to thirty-seven (37) tribes relating to Tribal-Specific Health Plans, health skills development, dissemination of pertinent health issues, and other studies to develop the capability to provide ambulatory services to tribal members and their communities.

The lack of funds to provide Indian people health care is inexcusable. Funding for these critically needed health services should not be determinedsd by political considerations and funding limitations, but must be made available because of the medical and dental needs of Indian people.

Portland Area

2/18/86

Projected Deficits

Hospitals & Clinics	$2,643,000
Direct Operations (Area Office)	559,000
All Other	114,000
Total	3,316,000

Deferred Services

Requirement Growing each month at the rate of $200,000	$ 3,500,000

Elimination of Programs

Urban Programs	$ 1,811,000
CHR Program	2,042,000
Tribal Management	180,000

2% population increase in birthrate - Portland Area

Portland Area Indian Health Service
Contract Health Service Deferred Services
8/1/84 - 2/4/86

A. Surgery			
High Priority Surgery (115 patients)		$270,400	
Medium Priority Surgery (246 patients)		426,800	
Low Priority Surgery (57 patients)		121,800	
Total (418 patients)			$819,000
B. Eyecare			
2,653 patients	$384,500		
Total			$384,500
C. Hearing			
303 patients	$67,100		
Total			$67,100
D. Other			
Other Medical Deferrals (99 patients)		$152,500	
Total			$152,500
D. Dental			
Level IV - Limited Rehabilitation: 72 patients	$449,100		
Level V - Rehabilitatio: 652 patients	707,700		
Level VI - Complex Rehabilitation: 356 patients	898,500		
Total (1,080 patients)			$2,055,300
Medical Total:	1,423,100		
Dental Total:	2,055,300		
Grand Total:	3,478,400		

Portland Area Indian Health Service
Service Unit Medical Deferral Service List
3/1/84 - 2/4/86

Service Unit	Surgery High	Surgery Medium	Surgery Low	Total Surgery	Eyecare	Hearing	Other
Colville ✓	$7,900	$7,100	$100	$15,100	255 @ $125 = $31,900	17 @ $188 = $3,200	$51,900
Fort Hall	68,300	31,500	26,600	126,400	151 @ $130 = $19,600	10 @ $900 = $9,000	5,800
Neah Bay ✓	0	21,300	1,200	22,500	120 @ $125 = $15,000	21 @ $150 = $3,200	44,500
N. Idaho	23,900	39,700	18,400	82,000	380 @ $150 = $57,000	14 @ $700 = $9,800	15,700
NWWA	48,200	55,700	22,100	126,000	191 @ $125 = $23,900	27 @ $150 = $4,100	0
PSSU	49,700	81,400	6,000	137,100	520 @ $180 = $93,600	5 @ $225 = $1,100	2,000
Taholah ✓	26,000	7,700	8,000	41,700	100 @ $125 = $12,500	11 @ $140 = $1,500	26,800
Warm Springs	40,900	0	12,200	53,100	42 @ $125 = $ 5,300	54 @ $150 = $8,100	600
Wellpinit ✓	1,700	24,800	1,500	28,000	272 @ $125 = $34,000	17 @ $188 = $3,200	0
Western Oregon	0	19,900	8,500	28,400	11 @ $150 = $ 1,700	16 @ $500 = $8,000	2,800
Yellowhawk	3,800	19,000	13,600	36,400	56 @ $120 = $ 6,700	2 @ $200 = $ 400	2,400
S.U. Totals	270,400	308,100	118,200	696,700	2098 $301,200	194 $51,600	152,500
Burns-Paiute	0	3,000	0	3,000	5 @ $150 = $ 800	1 @ $300 = $300	0
Yakima ✓	0	115,700	3,600	119,300	550 @ $150 = $82,500	108 @ $190 = $20,500	0
Tribal Totals	0	118,700	3,600	122,300	555 $83,300	109 $20,800	0
Grand Total	270,400	426,800	121,800	819,000	2,653 $384,500	303 $67,100	152,500

pts. = patients.

Portland Area Indian Health Service
Service Unit Dental Deferral Service List
8/1/84 - 2/4/86

Service Unit	Dental						Total Dental
	Level IV		Level V		Level VI		
Colville	19 pts.	$9,800	18 pts.	$15,700	18 pts.	$34,400	59,900
Fort Hall	21 pts.	11,900	12 pts.	11,700	6 pts.	6,000	29,600
Neah Bay	4 pts.	2,100	10 pts.	8,300	2 pts.	14,000	24,400
N. Idaho	165 pts.	92,300	119 pts.	164,700	18 pts.	30,200	287,200
NWWA	144 pts.	108,400	84 pts.	147,400	27 pts.	72,000	327,800
PSSU	104 pts.	92,900	108 pts.	147,000	104 pts.	311,900	551,800
Taholah	78 pts.	40,300	67 pts.	73,900	43 pts.	84,400	198,600
Warm Springs	31 pts.	17,000	38 pts.	38,100	27 pts.	69,300	124,400
Wellpinit	77 pts.	26,700	147 pts.	49,000	62 pts.	188,300	264,000
Western Oregon	31 pts.	16,100	26 pts.	23,600	23 pts.	43,100	82,800
Yellowhawk	12 pts.	5,600	9 pts.	10,500	26 pts.	44,900	61,000
S.U. Totals	686 pts.	423,100	638 pts.	689,900	356 pts.	898,500	2,011,500
Burns-Paiute	1 pt.	200	2 pts.	1,000	0	0	1,200
Yakima	33 pts.	25,800	12 pts.	16,800	0	0	42,600
Tribal Totals	34 pts.	26,000	14 pts.	17,800	0	0	43,800
Grand Total	72 pts.	449,100	652 pts.	707,700	356	898,500	2,054,300

pts. = patients.

FY 85

Deferred Pending

10/1/84 - 9/30/85

A. Surgery	# Cases	Amount
High	111	$258,100
Medium	243	410,900
Low	52	107,500
	406	$776,500
B. Eyecare	2,313	$362,300
C. Hearing	153	$75,200
D. Other	--	$151,100
E. Dental		
Level IV	--	$425,500
Level V	--	514,700
Level VI	--	787,600
		$1,727,800

All Categories - Grand Total	$3,002,900
Monthly Average	$250,242

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Colville

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
High	11/84	7571	Dev. Nasal Septum	$2,000	
"	11/84	7500	MMK	3,500	
"	4/85	6341 6458	Catarat Removals x 2	1,200	
"	5/85	11059 14630	Catarat removals x 2	1,200	
		Sub-total (High Priority Surgery)			7,900
Medium	6/84	7009	Septoplasty	4,000	
"	2/85	10639	Vasectomy	300	
"	4/85	10480	Tubal ligation	1,500	
"	5/85	6474	Adj. Strabismus Repair	500	
"	5/85	10406	Cataract Extraction	800	
		Sub-total (Medium Priority Surgery)			7,100
Low	6/84	9311	Scar revision	100	
		Sub-total (Low Priority Surgery)			100
		Sub-Total (Deferred Surgeries)			$15,100

Colville - Cont'd.

B. Eyecare

YTD Requests: 255 @ $125 =	$31,900

C. Hearing

YTD Requests: 17 @ $188 =	$3,200

D. Other

Allergy Testing x 7		$1,700
2 High x 500 =	1,000	
1 High x 100 =	100	
3 Medium x 150 =	450	
1 Medium x 100 =	100	
Grand Total Pending		$51,900

E. Dental

A.	Limited Rehabilitation:	19 patients	$9,800	
B.	Rehabilitation:	18 patients	15,700	
C.	Complex Rehabilitation:	18 patients	34,400	
		Grand Total Pending		$59,900

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/3/86

Service Unit: Fort Hall

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
High	10/84	80	Hammer toe procedure	$ 400	
"	10/84	155	Arthogram	300	
"	10/84	2899	Meniscectomy	5,700	
"	10/84	1125	Gastroplasty	4,500	
"	11/84	1823	Carpel tunnel	1,300	
"	12/84	2261	Hammer toe procedure	400	
"	1/85	285	Right knee repair	5,400	
"	1/85	8231 1831 1632	Bunionectomy x 3	7,500	
"	1/85	1286	Ligament reconstruction	8,700	
"	1/85	80	Release-trigger finger	1,600	
"	1/85	2059 2826	Cholecystectomy x 2	12,200	
"	1/85	385	Toenail removal	700	
"	4/85	5117	Resection Distal R Clavicle	4,100	
"	4/85	2261	Hammer toe procedure	400	
"	4/85	2509	Hammer toe surgery	500	
"	4/85	9378	Tympanoplasty	3,000	
"	6/85	1094	Carpel tunnel release	1,900	
"	10/85	10285	Bunionectomy	2,500	
"	12/85	4315	Reconstruction R. Mallar Eminance	2,700	
"	12/85	634	Vaginal hysterectomy	4,500	
		Sub-total (High Priority Surgery)			68,300
Medium	8/84	844	Toenail removal	400	
"	8/84	3451	Debridgement callous	400	
"	9/84	4150	Toenail removal	100	
"	9/84	5069	Hallux nail removal	200	
"	9/84	907	Hammer toe procedure	400	
"	10/84	3114	Toenail removal	200	
"	10/84	6746	Toenail removal	100	
"	10/84	309	Toenail removal	100	
"	10/84	9227	Hallux nail removal	100	
"	10/84	5925	Toenail removal	200	
"	10/84	834	Rhinoseptoplasty	3,400	
"	10/84	57	Hip fusion	6,100	
"	11/84	6740	Tympanoplasty	3,000	
"	11/84	1723	Exotropia correction	3,000	
"	11/84	7123	Debridement, toe	500	
"	11/84	1558	Toenail removal	200	
"	1/85	3418	Excision, sub. lesion	800	
"	4/85	5196 6192 11041	Toe nail surgery x 3	900	

Fort Hall - Cont'd.

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
Medium					
"	5/85	2504	Ganglion cyst	900	
"	5/85	1484	Tympanoplasty	3,000	
"	10/85	10113	Tympanoplasty	3,000	
"	10/85	1916	Pin removal L. ankle	1,400	
"	11/85	3721	Ganglion cyst	900	
"	12/85	3616	Tympanoplasty	2,200	
		Sub-total (Medium Priority Surgery)			$31,500
Low	8/84	4718	Repair Fx Deformity R Humerus	5,700	
"	8/84	1774	Hammer toe procedure	400	
"	10/84	2351	Cartilage fx repair	3,800	
"	10/84	1639	Rhinoseptoplasty	3,400	
"	11/85	1639	Ganglionectomy	800	
"	4/85	335 1018	Tatoo removal x 2	500	
"	5/85	3244	Breast implant	3,800	
"	7/85	2193	Tubotubal anastomosis	6,200	
"	9/85	528	Rhinoplasty	2,000	
		Sub-total (Low Priority Surgery)			$26,600
		Sub-Total (Deferred Surgery)			126,400

B. Eyecare

YTD Requests: 151 @ $130 = $19,600

C. Hearing

YTD Requests: 10 @ $900 = $9,000

D. Other

		Equipment, various	3,800	
		Orthotics (5 pts)	500	
High	3671	Infertility workup	100	
Low	476	Nasal consult	100	
High	1632	Occupational therapy	1,300	
		Sub-Total		$5,800
		Grand Total Pending		$160,800

E. Dental

Limited Rehabilitation:	45 patients	$14,700	
Rehabilitation:	22 patients	13,900	
Complex Rehabilitation:	19 patients	23,400	
Grand Total Pending			$52,000

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Neah Bay

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
Medium	8/84	1600	Sterilization	$1,300	
"	8/84	0038 0884	Tonsillectomy x 2	2,200	
"	9/84	0097 8379	Tubal ligation x 2	2,600	
"	10/84	3670	Removal, cyst	200	
"	11/84	4750	Cataract removal	1,700	
"	1/85	1490	Excision, resection procedure for lg. 4.2 x 2.5 CM hemagioma of left corner of month	900	
"	2/85	8377	Repair, earlobe deformity	900	
"	3/85	0889	Hysterectomy	4,400	
"	3/85	4820	Tonsillectomy	800	
"	7/85		Reconstruction knee	4,300	
"	7/85		Nasal reconstruction Deformed nose and Hyposinuses	2,000	
"	11/85	0889	Hysterectomy for cystic and Adenomatric Hyperplasia of Endometrium	3,400	
		Sub-total (Medium Priority Surgery)			24,700
Low	10/84	0266	Deviated septum	1,200	
		Sub-total (Low Priority Surgery)			$1,200
		Sub-Total (Deferred Surgeries)			$22,900

Neah Bay - Cont'd

B. Eyecare

YTD Requests: 120 @ $125 =	$15,000

C. Hearing

YTD Requests: 21 @ $150 =	$3,200

D. Other

	Evaluation, knee	$ 100	
	" , tonsils	100	
	" , low back pain x 2	200	
	Dermatology referral	500	
	Removal vaginal warts	100	
	Acne Treatment	100	
	Alchol aftercare x 2	1,000	
2385	Eval. Adhesions	100	
1214	DM Type II (Diabetic Clinic II)	400	
3083	Morbid obesity (Place on protein sparing modified fast)	2,000	
	Re-evaluation Psoriasis feet & hands	100	
	Sub-Total		$4,700
	Medical - Grand Total Pending		$44,800

E. Dental

Limited Rehabilitation:	4 patients	$2,100	
Rehabilitation:	10 patients	8,300	
Complex Rehabilitation:	2 patients	14,000	
Dental - Grand Total Pending			$24,400

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Northern Idaho

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
High	9/84	821	Hernia repair	$ 1,700	
"	11/84	556	Revision, stapiodectomy	2,700	
"	1/85	2468	Removal, exotosis	600	
"	2/85	799	Right total hip arthroplasty	2,600	
"	3/85	1777	Elbow	1,500	
"	3/85	8147	Cataract removal	3,500	
"	4/85	620	Repair "Trigger finger" (R) 5th digit	2,000	
"	5/85	8195	Deviated septum	2,200	
"	5/85	498	Tympanoplasty	2,400	
"	8/85	6754	Congenital ptosis repair	2,000	
"	8/85	6380	Tympanoplasty	2,700	
		Sub-total (High Priority Surgery)			23,900
Medium	8/84	1445 742	Cataract removal x 2	1,800	
"	9/84	1370 2274	Release, trigger finger x 2	6,000	
"	10/84	3521 185 657	Tympanoplasty	1,400	
"	10/84	1120	Septoplasty	1,800	
"	10/84	490	Tendon repair	1,700	
"	10/84	6459 2122 3241	Sterilization	4,700	
"	12/84	0440 7007	Cataract removal	1,600	
"	1/85		Cataract removal	1,600	
"	2/85		Cataract removal	800	
"	2/85	4211	Tonsillectomy	1,300	
"	2/85	1560	Arthroscopy x 2	5,000	
"	2/85	5617	Repair, d. clavicle	2,800	
"	3/85	7206	T & A	1,500	
"	6/85	1507	Knee Arthrotomy-Patella Resurfacing	1,000	
"	6/85	697	Septoplasty	2,200	
"	8/85	525	Radical Mastoidectomy	3,000	
"	8/85	2274	Trigger tendon (R) hand	1,500	
		Sub-total (Medium Priority Surgery)			$39,700

Northern Idaho Cont'd.

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.
Low	8/84	7301	Tympanoplasty	1,400
"	1/85	1479	Hysterectomy	6,200
"	2/85	931	Total knee replacement	3,500
"	2/85	2311	Arthroscopy, l. knee	1,000
"	2/85	16	Carpel tunnel	1,500
"	3/85	3108	Tonsillectomy	1,500
"	3/85	2985	Cataract removal	800
"	8/85	2195	Reversal tubal ligation	2,500

Sub-total (Low Priority Surgery) $18,400

Sub-total (Deferred Surgeries) $82,000

B. Eyecare

YTD Requests: 380 @ $150 = $57,000

C. Hearing

YTD Requests: 14 @ $700 = $9,800

D. Other

	Dermatology x 3	$ 500
	Back school	200
	Physical theraphy	300
	Eye prosthesis	900
2834	Orthopedic shoes x 2	500
2966, 3795, 2208	Allergy testing x 3	600
2834	Evaluation, ankle	100
842	" , finger	200
2263	" , eye	100
	" , ENT	200
162	Prosthetic leg (repair)	100
1451, 1976	Hysterosalpingograms x 2	900
	Toenail removal	100
7853	Leg/shoe braces x 2	400
2243	Infertility workup	200
8045	Dermabrasion	800
1451	Laparascape	800
1482, 86, 3267	Diabetic school	600
1769	Prosthesis	600
1078	Excision/Ganglion	500
8155	Podiatry	300
697	Circumcision	1,000
2263	Removal Lipoma	500
3363	Flotation Wheelchair cushion	400

Northern Idaho Cont'd.

D. Other

996, 3484	Bunyion removal	300	
411	Hysterosalping-Ogram	200	
7301	Allergy work	500	
1873	Chronic foot pain	200	
742	Yag Laser Capsulotomy	200	
1888	Podiatry	200	
2514	Diagnostic Laparoscopy	1,500	
1532	Excision/Lipoma	300	
7462	Podiatry - nail removal	300	
5499, 5568	Wart removal x 2	200	
2627	Excision/O/Lecon bursa	100	
2340	Removal ingrown toenail	100	
1415	Infertility work-up	200	
1479	PMS	100	
5903	Arthritus evaluation therapy	200	
5903	Hand braces	200	
3335	Vasectomy	100	
	Sub-Total		$15,700
	Medical - Grand Total Pending		$164,500

E. Dental

Limited Rehabilitation:	165 patients	$92,300	
Rehabilitation:	119 patients	164,700	
Complex Rehabilitation:	18 patients	30,200	
Dental - Grand Total Pending			$287,200

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Northwest Washinton

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.	
High	3/85	1027	Remove ortho hardware ankle	$1,500	
"	5/85	472	Cataract (diabetic)	5,000	
"	5/85	1824	Repair bilateral TMJ syndrome	5,500	
"	8/85	7002	Bil. P.E. tubes	1,000	
"	8/85	7046	Cholecystectomy	5,000	
"	8/85	558	B.T.F.	5,000	
"	11/85	6482	T&A obstruction	1,500	
"	11/85	604	Cholecystectomy	5,000	
"	11/85	007	Cholecystectomy	5,000	
"	11/85	3236	Dislocated shoulder	2,000	
"	11/85	1648	Cholelithiasis	5,000	
"	11/85	3845	B.T.F.	1,000	
"	11/85	0009	B.T.F.	1,000	
"	11/85	7348	T&A obstruction	1,200	
"	11/85	1448	Laser Photocoagula	1,000	
"	11/85	1439	Corneal implant	2,500	
		Sub-total	(High Priority Surgery)		$48,200
Medium	9/84	1422	Excise enlarging facial moles	1,000	
"	9/84	2544	Tympanoplasty	3,000	
"	9/84		Tonsillectomy (s/p abscess)	3,000	
"	9/84	7251	Septoplasty & Sinus Windows	3,000	
"	9/84	1899	Bunionectomy	1,500	
"	10/84	3078	Ganglion cyst (L) hand	500	
"	10/84	274	Ulnar nerve repair	2,000	
"	10/84	4253	Nasoplasty (sinusitis & pain, s/p many Fxs)	2,000	
"	10/84	7531	Bunionectomy	3,000	
"	11/84	2012	Hysterectomy (menometrorrhagia)	5,000	
"	11/84	479	Bunionectomy	1,500	
"	12/84	2455	Tympanoplasty & Mastoidectomy (cold cholesteatoma)	3,000	
"	12/84	612	Diagnostic Laparoscopy (infertility, s/p ectopic)	1,000	
"	2/85	6402	Umbilical herniorraphy	2,000	
"	3/85	7018	Cholecystectomy	5,000	
"	3/85	594	Excise chalazion	200	
"	3/85	5432	Tonsillectomy	1,500	
"	3/85	5547	Hysterectomy	5,000	
"	3/85	465	Arthroplasty (arthroscopy)	2,000	
"	5/85	820	Cholecystectomy (Asymptomatic)	5,000	
"	5/85	607	Septorhinoplasty (obstruction)	2,000	
"	10/85	6550	Cataracts	1,500	
"	11/85	251	Septorhino & Ethmodectomy	2,000	
		Sub-total	(Medium Priority Surgery)		$55,700

Northwest Washington - Cont'd.

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.
Low	9/84	7452	Herniorrapny (almost resolved, 2-85)	2,000
"	10/84	1491	Excise nasal skin lesion	400
"	1/84	915	Scar revision	3,200
"	2/84	127	Revise facial scar	1,000
"	3/84	1087	Dermabrasion tatoo (R) foot	1,000
"	1/85	7260	Reanastomsis ileal bypass & do gastric bypass (No medical complications of ileal bypass)	7,000
"	1/85	2883	Excise ganglion	500
"	2/85	795	Revise scar	1,000
"	5/85	820	Polypectomy (nasal sinus)	2,100
"	5/85	820	Ulnar nerve transposition	2,000
"	6/85	6930	Excise facial lesion	400
"	6/85	1524	Excise Keloid Arm (s/p burn)	1,500

Sub-total (Low Priority Surgery) $22,100

Sub-Total (Deferred Surgery) $126,000

B. Eyecare

YTD Requests: 191 @ $125 = $23,900

C. Hearing

YTD Requests: 27 @ $150 = $4,100

D. Other

YTD Requests: 0 0

Grand Total Pending Deferred List $154,000

E. Dental

Limited Rehabilitation:	144 patients	$108,400
Rehabilitation:	84 patients	147,400
Complex Rehabilitation:	27 patients	72,000

Grand Total Pending $327,800

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Puget Sound

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
High	9/84	Courville, S.	Ptrygium	$2,000	
"	9/84,3/85		T & A x 3	5,500	
"	11/84		Hysterectomy	3,500	
"	11/84		Hernia	3,000	
"	12/84		Osteotomy, foot	2,500	
"	12/84		Carpal tunnel	3,000	
"	1/85	Azure, D.	Knee replacement	500	
"	1/85	Rude, C.	Dacryocystorhinostomy	1,500	
"	2/85	Fulton, J.	Knee surgery	3,000	
"	2/85	Sigo, M.	Strabismus	2,500	
"	3/85	Hudson, A.	Mastoidectomy	2,500	
"	4/85	Pratt, M.	Marshall-Marchetti	2,500	
"	4/85	Moses, L.	Stapedoctomy	2,000	
"	5/85	Williams, E.	Bilateral bunionectomies	2,700	
"	6/85	Armour, B.	Cholesteatoma	1,000	
"	6/85	Taylor, M.	T&A	1,000	
"	6/85	Ross, V.	T&A	1,000	
"	7/85	Farnes, V.	Viginal hysterectomy	3,500	
"	7/85	Johnson, M.	Stress urinary incontinence	1,500	
"	8/85	Cultee, K.	Lumbar Lamineatomy	3,500	
"	8/85	Castillo, D.	Type I Tympanoplasty	1,500	
		Sub-total (High Priority Surgery)			$49,700
Medium	9/84	Gamber, D.	Rhinoplasty	3,500	
"	9/84	Homes, C.	Tympanastoid	2,500	
"	10/84		Repair, skin fissure	2,500	
"	10/84		Oophorectomy	3,000	
"	11/84		Reconstruction, facial	7,000	
"	12/84		Vasectomy	1,500	
"	12/84		Tubal ligation x 4	3,200	
"	12/84		Carpel tunnel	2,000	
"	12/84		Mastoiodectomy	3,000	

Puget Sound - Cont'd.

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
Medium	1/85	Fryburg, G.	Cholesteatoma	3,000	
"	1/85	Reeves, A.	Hair transplant	1,500	
"	1/85	Clark, S.	Septoplasty	1,500	
"	2/85	Wright, L.	Gastric partioning	3,000	
"	2/85	James, A.	Rhino/septoplasty	1,500	
"	2/85	Sicade, C.	Bronchial Cleftcyst	1,000	
"	3/85		Tympanoplasty x 2	4,000	
"	3/85	Cooper, F.	Stapedectomy	5,000	
"	3/85	Saylor, L.	Tonsillectomy	700	
"	3/85		Bursion/hallux valgus correction	5,000	
"	4/85	Castillo, D.	Tympanic membrane perforations	1,500	
"	4/85	Duenas, D.	Ankle surgery	2,500	
"	4/85	Peterson, M.	Vasectomy	500	
"	5/85	Flick, K.P.	Tympanoplasty	2,000	
"	5/85		T&A x 3	6,000	
"	6/85	Knapp, C.B.	Tubal ligation	1,500	
"	6/85	Wilbur, L.	Vasectomy	500	
"	7/85		T&A	1,000	
"	7/85		Anterior Chromoplasty Excision of CA deposits of the rotator coff	3,500	
"	8/85		Vasectomy x 2	600	
"	8/85	Schuffenhaver C.	T&A	1,000	
"	8/85	Castillo, D.	Tympanoplasty	2,000	
"	8/85	Gray, H.	Distal ulnar excision	900	
"	8/85	John, D.	Tubal ligation	1,000	
"	10/85	Isle, Lane	R. Tympanic membrane	2,000	
"	10/85	Miller, Evelyn	Cataracts	1,000	
		Sub-total (Medium Priority Surgery)			$81,400
Low	5/85	Yellowwolf, S.	re-anastamosis of the fallopian tubes	6,000	
		Sub-total (Low Priority Surgery)			6,000
		Sub-total (Deferred Surgery)			$137,100

Puget Sound - Cont'd.

B. Eyecare

YTD Requests: 550 @ $180 =	$99,000

C. Hearing

YTD Requests: 5 @ $225 =	$1,100

D. Other

Alcohol Treatment	$2,000
Grand Total Pending	$239,200

E. Dental

Level 3	8 patients	$ 4,100
Level 4	3 patients	1,700
Limited Rehabilitation:	104 patients	92,900
Rehabilitation:	113 patients	155,600
Complex Rehabilitation:	103 patients	335,900

Grand Total Pending	$590,200

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Taholah

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.	
High	9/84		Osteopathic reconstruction	$ 5,000	
"	10/84		Arthroscopy x 2	5,000	
"	10/84		Tympanotomy x 2	5,000	
"	11/84		Repair, hydrocele	3,000	
"	1/85		Tonsilectomy	2,000	
"	3/85		Post capsulotomy	1,000	
"	7/85		Tonsillectomy	2,000	
"	8/85	003453	Incisional hernia repair	3,000	
		Sub-total	(High Priority Surgery)		$26,000
Medium	1/85		Tendon repair	2,000	
"	2/85		Meniscectomy	1,200	
"	3/85		Eval, nocturnal penile tum.	500	
"	4/85		Tonsilectomy	2,000	
"	4/85		BMT & Tonsilectomy	2,000	
		Sub-total	(Medium Priority Surgery)		$7,700
Low	9/84		Reversal, tubal ligation	3,000	
"	4/85		Tympanoplasty	2,000	
"	8/85	002278	Tubal reversal	3,000	
		Sub-total	(Low Priority Surgery)		$8,000
		Sub-Total	(Deferred Surgery)		$41,700

Taholah - Cont'd.

B. Eyecare

YTD Requests: 100 @ $125 = $12,500

C. Hearing

YTD Requests: 11 @ $140 = 1,500

D. Other

Allergy Testing	400
Pain clinic x 3	17,900
Prosthesis (foot)	5,000
" (grafile system)	1,500
Artificial limb (R)	2,000

Sub-Total $26,800

Grand Total Pending $82,500

E. Dental

Limited Rehabilitation:	78 patients	$40,300
Rehabilitation:	67 patients	73,900
Complex Rehabilitation:	43 patients	84,400

Grand Total Pending $198,600

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Warm Springs

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.	
High	8/84	6786	R Salpingogram	500	
"	8/84	5792	Tonsillectomy/Adnoidectomy	500	
"	8/84	1806	Revision Rhinoplasty	2,000	
"	10/84	1303	A & P Repair	600	
"	10/84	3522	Left Tympanoplasty	2,500	
"	11/84	0431	Left Tympanoplasty	300	
"	12/84	2144	Cochlear Emplant (Don't know if he needs it)	500	
"	12/84	0954	Left Tympanoplasty	2,500	
"	12/84	0422	Right Tympanoplasty	300	
"	12/84	4766	Left Tympanoplasty	2,500	
"	1/85	1524	Pharyngeal Flap - 2nd Palate Repair (Speech Impediment)	7,000	
"	2/85	1234	Total hip replacement	10,000	
"	2/85	1141	Right Tympanoplasty	600	
"	2/85	7675	Right Tympanoplasty	2,500	
" "	4/85	2661	Rhinoplasty (has obstruction) (septoplanty)	600	
"	4/85	9006	Tympanography	100	
"	4/85	1632	Tympanomostoidectomy (cholesteatoma)	600	
"	5/85	1611	Right Osiculeoplasty	600	
"	5/85	0359	Rev. Part Septomplasty - Obst.	1,500	
	5/85	0552	Cataract Removal (Delp says not yet)	600	
"	6/85	3273	Left Gynencomastic (Male teenager)	1,500	
"	6/85	0372	Left Cataract Removal	2,500	
"	8/85	3627	Right Tympanoplasty (hearing loss)	600	
			Sub-total (High Priority Surgery)		$40,900
Low	8/84	2313	Right facial scar removal	2,000	
"	8/84	2460	(Septoplasty no obstruction "see PRN")	2,000	
"	10/84	0792	Rhinoplasty (never to ear clinic no notes)	600	
"	5/85	4506	Tonsillectomy (no strep, one S/T)	2,500	
"	5/85	3649	Revision Septoplasty (Lee -low PR)	2,500	
"	8/85	0218	Facial Scar Removal (no chart note)	2,000	
"	9/85	5735	Left Tympanoplasty (Lee: wait for now 12 y/o)	600	
			Sub-total (Low Priority Surgery)		$12,200
			Sub-Total (Deferred Surgery)		$53,100

Warm Springs - Cont'd

B. Eyecare

YTD Requests: 42 @ $125 = $5,300

C. Hearing

YTD Requests: (SEE ATTACHED) 2,800

D. Other

4818	Prosthesis (eye)	$500	
1896	Treatment of acne	100	
	Sub-Total		$600
	Sub-total (Deferred Surgery)		$61,800

E. Dental

Limited Rehabilitation:	2 patients	$ 600	
Rehabilitation:	4 patients	2,400	
Complex Rehabilitation:	2 patients	1,600	
	Dental - Grand Total Pending		$4,600

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/3/86

Service Unit: Wellpinit

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.	
High	11/85	5606	Bilateral hummer toe release	$1,700	
		Sub-total	(High Priority Surgery)		$1,700
Medium	10/84	0078	Cataract removal	1,500	
"	10/84	1424	Septoplasty	1,500	
"	1/85	2836	Cataract removal	600	
"	1/85	3663	Tubal reversal	5,000	
"	2/85	0551	Pain Clinic	5,000	
"	3/85	2308	Clabiclectomy	1,800	
"	3/85	1584	Bunionectomy	2,150	
"	3/85	4506	Pain Clinic	5,000	
"	6/85	2573	DTL reversal	1,500	
"	6/85	0556	Tempuro (TMJ) Mandibu ear joint treatment	750	
		Sub-total	(Medium Priority Surgery)		$24,800
Low	6/85	0350	Tatoo removal	1,500	
			Sub-total (Low Priority Surgery)		$1,500
		Sub-Total	(Deferred Surgery)		$28,000

E. Dental

Limited Rehabilitation:	77 patients	$26,700
Rehabilitation:	147 patients	49,000
Complex Rehabilitation:	62 patients	188,300

Dental Grand Total Pending $264,000

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Yellowhawk

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.	
High	12/84	575	Arthroplasties - MP joints	$1,000	
"	9/84	97	Tonsillectomy	2,800	
		Sub-total	(High Priority Surgery)		$3,800
Medium	10/84	1445	Stapedectomy	3,700	
"	2/85	550	Repair, inc. hernia	3,600	
"	3/85	2655	Skin graft	7,000	
"	3/85	2389	Repair, A/C shoulder	2,500	
"	5/85	2485	T&A	2,200	
		Sub-total	(Medium Priority Surgery)		$19,000
Low	11/84	2618	Hernia, repair	3,900	
"	10/84	3420, 2822	T & A x 2	4,400	
"	10/84	2347	Reinastomosis	5,000	
"	10/84	204	Bil. PE tubes	300	
		Sub-total	(Low Priority Surgery)		$13,600
		Sub-Total	(Deferred Surgery)		$36,400

B. Eyecare

YTD Requests: 56 @ $120 =	$6,700

C. Hearing

YTD Requests: 2 @ 200	400

D. Other

	Allergy workup x 4	$2,000	
509	Orthopedic consultation	100	
440	Psychiatric evaluation	100	
1141	Mammogram	200	
	Sub-Total		$2,400
	Medical - Grand Total Pending		$45,900

E. Dental

Limited Rehabilitation:	72 patients	$5,600	
Rehabilitation:	9 patients	10,500	
Complex Rehabilitation:	26 patients	44,900	
Dental Grand Total Pending			$61,000

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/3/86

Service Unit: Western Oregon

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
Medium	9/84		Metatarsalostomy	3,000	
"	10/84	C. Blomstrom	Tuboplasty	500	
"	12/84	A. John	Removal, foreign body	1,500	
"	2/85	Haverneck	Umbilical hernia	1,000	
"	2/85	A. Martin, Jr.	Septorphinoplasty	3,500	
"	2/85	F. McGee	Inquinal hernia	2,500	
"	4/85	J. Bulter	Tonsillectomy	1,500	
"	4/85	L. Simmons	Toenail surgery	200	
"	7/85	E. Potter	Bi-lat toenail removal	200	
"	11/85	L. George, Jr.	Surgical correction of nasel deformity	4,000	
"	11/85	K. Harrison	Tonsillectomy	2,000	
		Sub-total (Medium Priority Surgery)			$19,900
Low	10/84	A. John, Jr	Removal, pin	1,500	
"	10/84	D. Lane	Septoplasty	3,000	
"	10/84	S. Goodell	Reversal, tubal ligation	4,000	
		Sub-total (Low Priority Surgery)			$8,500
		Sub-Total (Deferred Surgery)			$28,400

Western Oregon - Cont'd

B. Eyecare

YTD Requests: 11 @ $150 =	$28,200

C. Hearing

YTD Requests: 16 @ $500 =	$8,000

D. Other

Mole removal	$ 100
Orthotics	200
Dermatology	200
Allergy testing x 1	200
UBE Cybex machine	2,100

Sub-Total	$28,000
Medical - Grand Total Pending	$92,600

E. Dental

Limited Rehabilitation:	31 patients	$16,100
Rehabilitation:	26 patients	23,600
Complex Rehabilitation:	23 patients	43,100

Dental - Grand Total Pending	$82,800

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/4/86

Service Unit: Yakima

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.
Medium	10/1/84-6/30/85	10528	Typanoplasty	1,800
"		1554	Septoplasty	2,300
"		8056	Pelvic scan	800
"		5080	Old fx repair	400
"		7717	Opthalmologic eval.	100
"		3618	Typanoplasty	1,800
"		2393	Plate removal	600
"		8615	Opthalmologic eval.	100
"		6100	Tonsillectomy	900
"		17914	L inguinal hernia	1,200
"		7066	Umbilical hernia	1,200
"		9150	Excise bump	400
"		16020	Remove warts	2,000
"		6039	Cataract	300
"		15752	Remove warts	300
"		13808	Typanoplasty	1,800
"		4688	Cataract	2,000
"		3384	Cataract	2,000
"		7550	Repair stoma opening	1,000
"		17126	Arthroscopic removal	800
"		848	Cataract	2,000
"		2352	Fertility workup	600
"		3258	Cataract	2,000
"		1777	Intraocular lens implant	1,200
"		1275	Cholecystectomy	2,400
"		1776	Cataract	2,000
"		2328	Tympanoplasty	1,800
"		5893	Remove old splinter	100
"		13456	Inguinal hernia	1,200
"		13047	Cataract	2,000
"		8327	Cataract	2,000
"		3678	Diebetes ed.	300
"		1094	Knee injury	800
"		14847	Typanoplasty	1,800
"		6477	Septal nasal surgery	1,400
"		2369	Cataract	2,000
"		2033	Ulnar nerve release	900
"		18375	Nasal correction	1,200
"		4829	Tympanoplasty	1,800
"		17126	Remove floating bone	600
"		1671	Growth on nose R	400
"		1938	Ventral hernia	1,200
"		1615	Reconstruct ligaments	2,300
"		11491	Cyst excision	300
"		7822	Scar revision	500

Yakima - Cont'd

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.
Medium	10/1-6/30	18689	Cataract	2,000
"		3276	Repair ligament	800
"		2660	Tympanoplasty	1,800
"		1867	Vaginal hysterectomy	2,800
"		152	Urinary stress incont.	1,200
"		112	Cyst excision	500
"		13420	Scar excision	500
"		1266	Nasal fx repair	900
"		2860	Cholecystectomy	2,400
"		18199	Septal nasal passage	1,400
"		5060	Remove blood lake	100
"		4472	Tympanoplasty	1,800
"		13779	Ventral hernia	1,200
"		17292	Cyst excision	200
"	10/1/85-12/31/85	00362	Ligamentous damage	1,800
"		09171	Repair Cystocele & Retocele	1,200
"		15730	Bi Tympanotomies	1,300
"		00290	Ventral hernia	1,800
"		07820	Repair finger	900
"		00920	Shoulder reconstruction	2,400
"		04620	Bi TM perforations	3,400
"		15972	Right hip replacement	5,000
"		07266	Remove tattoos	900
"		01364	Podiatry consult	100
"		02702	Mole excision	400
"		03333	Shoulder repair	2,200
"		18959	Remove bullet fragments	1,100
"		02521	Urinary incontinence	2,800
"		04828	Hysterectomy	3,200
"		03892	Replace eye prosthesis	2,100
"		07383	Scar removal	1,000
"		02369	Contaract extraction	3,000
"		18497	Gastroplasty	2,600
"		02919	Ventral hernia	1,800
"		01821	Foreign body right hand	800
"		16086	Remove ankle screws	1,100
"		19365	Achilles tendon release	1,200
"		05812	Remove recurrent abscess	700
"		03544	Remove ganglion	700

Sub-total (Medium Priority Surgery) $115,700

Yakima - Cont'd

A. Surgery

Priority	Month Listed	Patient ID	Procedure	Case Amt.
Low	10/1-6/30	18094	Circumcision	400
"		18345	Circumcision	400
"		7818	Circumcision	400
"		3544	Abdominal panniculectomy	1,800
"		17265	Circumcision	600

Sub-total (Low Priority Surgery)	$3,600
Sub-Total (Deferred Surgery)	$119,300

B. Eyecare

YTD Requests: 550 @ $150 =	$82,500

C. Hearing

YTD Requests: 50 @ $800 =	$40,000	
58 @ $190 =	52,200	
Total hearing request		92,200

D. Other

None

Medical Grand Total Pending	294,000

E. Dental

Limited Rehabilitation:	33 patients	$25,800
Rehabilitation:	12 patients	16,800
Complex Rehabilitation:	0 patients	0

Dental Grand Total	42,600

FY 85 Contract Health Service
Medical Deferral Log
Pending Requests
8/1/84 - 2/3/86

Service Unit: Burns-Paiute

A. Surgery

Priority	Month Listed	Patient Identification	Procedure	Case Amt.	
Medium	1/85	000283	Abdoninal hernia	$3,000	
		Sub-total (Medium Priority Surgery)			3,000

B. Eyecare

27 x $150	4,050

C. Hearing

3/85	1 x $300 =	$300
Total Deferred Pending		$7,350

D. Dental

Fy 1985:

Level IV	0	0
Level V	2	@ $950
Level VI	0	0

FY 1986:

Level IV	1	@ $150	
Level V	0	0	
Level VI	0	0	
Grand Total		$1,100	$1,100

Mr. **Taylor**. I thank you very much for your testimony.

I don't have any particular questions of either Mr. Whitecrow or Ms. Harjo. I thank you both for very detailed statements.

I do have a question for you, Mr. Tonasket. This document that we are making a part of the record, the Portland area, I guess, list of deferred medical services——

Mr. **Tonasket**. Yes.

Mr. **Taylor** [continuing]. I notice in the Northwest Washington service unit that we have 6 cases that are listed as medium priority surgery that were—more than 6; I missed my count there; there must be at least 10 or 12—that were identified in 1984. In Puget Sound there were 6 of them identified in 1984; at Warm Springs there were 10 identified in 1984.

Am I reading this thing correctly—in fact, Puget Sound and Warm Springs were high priority—that these services have not yet been performed, even though they were identified two years ago?

Mr. **Tonasket**. Yes, sir. I just received this document Saturday morning. It was hand-delivered to me from the Portland Area Health Board. I am a 7-hour drive away from Portland, and they thought it was important enough to point out that these have been pending that long and they still haven't been provided.

Just in my discussions with some of the people that work in Indian Health, some of these surgeries—and they are not listed here, but some of these people, for example, have gall bladder problems and gall stone problems that have been pending. They're going to have to wait until the gall stone moves and get launched somewhere where it is going to be life threatening before they can even operate on that. I've lost friends and family really fast when a gall stone has moved like that, and yet these people are still waiting.

Mr. **Taylor**. I wanted to be sure I understood this correctly.

Thank you all very much.

Our next panel of witnesses will be the National Tribal Chairmen's Association: Richard LaFromboise; accompanied, I see, by Ray Fields, the executive director.

STATEMENT OF RICHARD J. LaFROMBOISE, PRESIDENT, NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION, AND CHAIRMAN, TURTLE MOUNTAIN BAND OF CHIPPEWA, BELCOURT, ND, ACCOMPANIED BY RAY FIELD, EXECUTIVE DIRECTOR

Mr. **LaFromboise**. Good morning, Mr. Taylor, or afternoon by now.

My name is Richard LaBromboise. I am the tribal chairman from the Turtle Mountain Band of Chippewa Indians in Belcourt, ND; also the president of the National Tribal Chairmen's Association.

We have a written document that is for submission to your committee.

Accompanying me here today is the executive director of the National Tribal Chairmen's Association, Mr. Ray Field.

I particularly enjoyed listening to the Indians' point of view this morning, of course being a little biased, with the concept that the U.S. Government has a commitment. We have a commitment also, and it was supposedly a contractual commitment that has been bullied around, beat up, and out of style.

What I would like to do this afternoon, instead of going back to all of our stories how we are mismanaged and mistreated, is to actually go into part of the testimony that's been submitted to you, and those are papers I labeled "BIA Talking Paper 1, BIA Talking Paper 2, IHS Talking Paper 1, IHS Talking Paper 2."

Those were some budgets which I think were the latest that were developed concerning the Bureau of Indian Affairs and also the Indian Health Service.

Mr. **Taylor**. I noticed that these papers are attached to your written statement.

Mr. **LaFromboise**. Yes.

What I would like to do is I would like to bring it back down to earth as to reservation status. Being a tribal chairman and having the feelings of all of these different areas and the brunt of some of the discussion that has taken place this morning, I would like to be able to use as an example, as we go through these different areas of the budget, how it would particularly harm, say, one tribe. But I would not like to say that my tribe is completely, exactly like other tribes. We're continually in a position, it seems, as far as Indians are concerned to defend ourselves because we have differences of opinion or different ideas. I am just saying this as an example of what a tribe would face going through this budget under 1987.

First of all, I would have to agree with the lady last week that to me made the finest Indian speech or speech, period, that I've ever heard in my life. She was an elderly grandmother type and her speech started with a response to the Assistant Secretary. The Assistant Secretary was explaining that we Indians have got to do things on our own; we've got to develop economies and to provide living conditions for our Indian people on our reservations.

Mr. **Taylor**. This is the Assistant Secretary for Indian Affairs?

Mr. **LaFromboise**. That's right.

This lady had been attending meetings for 15 years. She's a chairwoman of her tribe. She got up and said he was totally incorrect; that she was a prisoner of war for 20-some years—not World War II, not the Korean War, not World War I, but the Indian wars. This fine lady is the last remnants of Geranimo's Cherakawa, better known as the Fort Sill Apache.

In her statement she went through the concept of being Indian—that it made me feel as if I were a 3-year-old boy plum naked sitting back on a reservation and here I was sitting there with a suitcoat on listening to some of these so-called more up-to-date statements.

But what she said was very, very true. Everybody is pursuing different avenues in dealing with what is Indian today. What is Indian was at one time she had 15 million acres; today she has 2.5 acres. Then there were numbers and numbers of people of her own; today there are only 300.

She was not asking this Government for anything except to carry out a commitment. That commitment was, when they relocated themselves in the middle of Oklahoma, that the health, education, and welfare be provided to their people. I think that that is somewhat of a uniform approach that I would like to address here this afternoon in dealing with all Indian tribes in the United States.

Please do not try to separate us from our Alaskan brothers, because at the present time I think that some people are going to have to take some very clear forewarning that Alaska is again a revisitation of the Menominee County in Wisconsin. When at the present time Alaska may be enjoying some riches, but you will recall that Menominee County was also the richest county in Wisconsin at the time of the termination of the Menominee Tribe.

We in the United States I think can feel, and especially if you're Indian, the wrath of the Indian education budget. I personally would like to take witness to that, especially in the area of a school at Turtle Mountain burning down, the largest school or the largest fire in the Bureau history, some $15 million worth of burning.

I could just almost hear the wicked witch in BIA stirring up her brew as to what she was going to do to Indian people next. First of all, if you will take a look at the 1986 and 1987 appropriations on there, they will never be correctly and totally honest with you; it's always an outlay, a rescission, some kind of an appropriation, or something that's put in an area of where we're supposed to be dealing with.

I think Indian people want to be dealt with in the area of being forthright and what is our real loss and what is our real gain. I have taken the liberty of adding together all of those different areas of concern, and I have pointed out to you in the testimony that the real loss between the 1986 appropriation and the 1987 request is some $84,817,000. There's no way we can sweep that through a so-called burning mirror.

At Turtle Mountain, as soon as the school burnt down, there was an attempt to close an Indian day school. We fought for that because somebody had said that there were fire inspection problems. We clarified those and for $100,000 had our school back in operation. It's been in operation for some 50 years with a number of fantastic Indians contributing to the Turtle Mountain tribe in different areas because they have been educated in that school. We proved that that had a quality education.

In the other area we've been fighting this Johnson-O'Malley situation. I think that what is happening there is that somebody thinks that our Indian kids are going to be better educated in the public school system. I'll grant you that it kind of looks a little equitable for the Federal Government to put the funds in the State and drop them from the tribes, but that's going to be short lived.

Principally, our children have a very poor track record in public school systems. They aren't going to make it there. Why? Because the Johnson-O'Malley Program was set up specifically in that case to provide that parents become involved with their children. It seems that that is the success quota in Indian reservation areas, in Indian concerns. If this does happen, I can guarantee you that my tribe, along with some of my tribal members, will be definitely having a conflict or a problem with the State government of North Dakota in how to develop an educational system for our children.

In the area of continuing education, I heard the good Under Secretary this morning state that they thought that there was going to be a decline in numbers of children going to our community colleges. I'll tell him that he is completely wrong.

Last year there were 815 colleageable type students at Turtle Mountain that could have gone to college, but higher educational scholarships only could provide something like 343 kids to an education. Those other 500, or close to 500, students have got to go to college somewhere. They're collegeable; they're high school graduates. They've got GED's. They have, I think, hopefully in this great country an opportunity to further their education, but they won't be furthered by these continual cuts or guises as to technicalities.

Under the Indian services and Government services we have a big, big difference of opinion. It seems like this seems to be the gutted area that has been pulled out and put into this mysterious fund called tribe agency operations. This area has been decreased somewhere around $101 million.

Now I can't understand, for all of me, why the Bureau would all of a sudden put a budget together like this and submit it to the OMB or submit it to Congress without consultation with tribes. I, for one, who represents a very large organization in this country, and most of the Indian people that have tribal governments, have not been consulted on this by this agency, which is BIA; we have not been consulted by HUD; we've not been consulted by IHS. These things must come to an end as far as our tribal leaders are concerned.

In the area of economic development, the great thing in the area that Mr. Swimmer has come in to do, the cosponsor or cochair of the so-called Presidential Commission on Reservation Economies—they've decreased that area of $48 million. Where are they going to put it?

There are so many areas in this 1986 budget versus the 1987 budget that leads Indian people to wonder: who is going to be minding the store when all of the goodies are handed out out of so-called tribe agency operations?

A lot of the tribal chairmen have discussed the concept that has been passed around here this morning, and I would like to probably take the lead in that proposal. I would like to propose that the Senate Select Committee, along with Mr. Yates' committee, along with Mr. Udall's committee, sit down with the tribal leaders in this country to try to develop what really is the trust responsibility relating to the Constitution of the United States as to the Congress in how to deal with Indian budgetary systems.

We believe that we may be treated a lot better with a singular type budget system instead of running from one agency to the next. Right now Gramm-Rudman has got its hooks into us because it has its hooks into us in so many areas. It's got it in our pocket called HUD; it's got it in our other pocket called job training; it's got it in our ear from IHS; it's got it in our other ear from BIA. Quite frankly, it is very frustrating to see that IHS follows suit with BIA, with some kind of $85 million less in 1987 versus 1986 appropriations.

Now, according to our talking paper here, with the rescission taking place, or potentially taking place, there would be a 44-percent cut in CHR's; there would be a 74-percent cut in tribal management; there would be a 94-percent cut in construction. Now that is almost, what I would say, criminal.

Somebody cannot get away with that. If that's the reflection of the administration and how they are dealing with Indians, I must agree with most of the comments earlier, that someone is trying to terminate us by nonappropriation.

As to the grand total under the supposed rescission, it would be a total 8.9-percent cut in IHS, and we haven't even discussed the 6-percent cost-of-living increase to all of these people within the Indian Health Service. What is going to happen to the services out, for example, on the Turtle Mountain Reservation? I will guarantee you that we will realize somewhere around a 17- or 18-percent cut in services to Indian people.

That is very, very, very hard for me to take as a tribal chairman of a tribe that has a large population. Last year our hospital saw 60,000 patients with 5 doctors. A 15- or 20-percent cut means taking one of those doctors away in an example. It would be very difficult, I think, for 4 doctors to see 60,000 people.

On the area of the Gramm-Rudman rescission, that there is a misnomer. Once again, it says 1 percent would be the maximum, but in reality, when you come down to the bottom line, you're experiencing a 3.2-percent reduction. That, again, is not a reflection of the 6-percent cost of living.

So with all of these types of things that are happening to us out in Indian country under the BIA and under the HUD budget, it gives us wonder as to what is the U.S. Government doing for the American Indian. I did not hear a positive response when Mr. Swimmer was asked: What did you ask for the Indians? There was kind of a hunting around to see what they had asked for us.

I think we are the only ones, those in the leadership of those tribes that experience those day-to-day knocks, blows, political years, that can give some straight answers to this Congress; that can develop not only possibly with this Congress, but with the administration, be it Republican or Democrat, some services to Indian people on their reservations.

I would propose a meeting—they call it summit meetings or whatever—between the Indian leadership of this country, and I mean elected leaders, and those that do some work for us, to sit down with this administration, to sit down with this legislative body, and to discuss the future of Indian people in this country rather than terminating them by nonappropriation.

I have to go very clearly with my forefathers and with some of the elder statesmen in Indian country—that there is definitely within the Constitution of this United States of America language that gives us some recognition.

I think that when you're dealing with all of these other organizations—you take a look at who's taking care of the shop as far as our youth are concerned, the attempt at cutting our colleges, the attempt at throwing our kids into public school systems, the attempt to doing things for us—that is not what we want as Indian people; we would like to do things for ourselves.

Quite clearly, you can see by the rescission, the potential rescission, on the area of Indian youth, that they're going to experience somewhere around a 41-percent decrease in funding for this coming year as far as summer youth. Now that's a far cry from what we experienced 3 or 4 years ago when we had something like 500 kids working on the Turtle Mountain; the following year, 320; the following year, 220; and now in the coming year we're going to probably experience 100 young people working on the reservation. I don't know where or what to do for the other 500 or 600 that are left unemployed there.

As to the education, title IV, dollars, transfer from the Department to the BIA, I think that what is happening there is that the Department of Education is all of a sudden getting professional in the area of Indian business, or they're attempting to. What we have there, also, is a guise with which to wipe out the so-called discretionary funding that has occurred in Indian country for quite some time. The North Dakota United Tribes Educational Training Center experiences the $442,000 that goes into its resource center which would never be there if it were under title IV and moved.

As to the HUD question, I again have to deplore the fact that they are very glad that they turned $18 million back to the Treasury—some 300 homes, in my estimation, of very poor and cold and ragged Indian people somewhere out there; they could definitely use those homes.

I swear to goodness that I believe that those moneys that are turned back, that are lost, are not the blame of the Indian people but because of the system which we have that operates, in some cases the very insensitivity that deals with Indian issues, the care that is shown the Indian people, and it isn't the tax dollar that is bothering us here.

When you take a look at the budget of the American Indian, you add that rocket booster that went up and the poor people that got killed in it, I feel for them; I think all of Indian country felt for them, for their exploration and their bravery and heroics, but the $1.4 billion that was lost in that so-called machinery and the $1 billion that is being added to foreign aid—now that's almost total the needs of more than a million to 1.6 million Indian people in this country that actually owned this whole place before everybody came.

With that, I guess, Mr. Taylor, I give my regards to my good Senators Burdick and Andrews, and hopefully we can get back here and sit down and talk about some substance to "Indian tomorrow," because today it's nothing but a bureaucratic game that is imposed upon the American Indian people, and it's not their game. Their game is to have a little dignity and respect and that they should have some direction as to where their money goes and their needs for their Indian people.

Thank you very much.

[Mr. LaFromboise's prepared statement, on behalf of the National Tribal Chairmen's Association, follows:]

NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

Suite 840 • 818 18th Street, N.W. • Washington, D.C. 20006 • 202-293-0031

February 18, 1986

TESTIMONY OF THE NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION BEFORE THE SENATE SELECT COMMITTEE ON INDIAN AFFAIRS ON OVERSIGHT HEARINGS ON FY '87 BUDGET ON INDIAN PROGRAMS

Mr. Chairman---my name is Richard J. LaFromboise, President of the National Tribal Chairmen's Association and also Chairman of the Turtle Mountain Band of Chippewa Indians. With me is Raymond Field, Executive Director of the National Tribal Chairmen's Association. I am the Democratically elected representative of the Turtle Mountain Band of Chippewa, which is comprised of 24,000 + Indian people. I am also elected to represent 185 tribal leaders like myself who are Tribal Chiefs, Governors, or Chairman representing some 1 million + Indians throughout the United States.

I carry the message the demand, of most Indian leaders that this Congress should "hold harmless" all Indian programs in all attempts at "Recissions" or "Sequestrations" or from Gramm-Rudman-Hollings attempts of balancing the National Budget at the expense of services to the American Indian. As one of our tribal leaders so eloquently presented herself last week, "we do not ask for anything, just that which this country and the Indian people have agreed to in the first instance of providing Health, Education, and Welfare for the Indian and in exchange the most powerful nation in the world to those so agreeing."

It is ironic to we orginal inhabitants of the United States that this country could increase this years foreign aid by 1 billion and fly the Nation's flags at half mast for the loss of 7 brave human beings lives and 1.4 billion in financial loss to explore an already dead space, when the whole of Indians needs effecting 1 million people is close to the same in financial status.

There is a cry from Indian Country that this country pay more attention to human needs than to slash zero's from a budget and in our instance, come so very close to slashing life from those so meagerly served.

This years budgets are just that budgets, conceived primarily by those in charge of programs affecting Indians. We who experience the grass root receipt of those numbers can only say be very careful in the construction of a budget that has shifting words such as, allocated, appropriated, outlay, and any other terms rather than "real services provided." Because of the multiple agency involvement in providing said services to Indian people, there is a monumental task in putting ourselves in a posture of self-protection, and self-preservation for fear of termination by non-appropriation. The leaders have suggested a new way in which to deal with Indian people in a singular budgetary process along with protective legislation provided by the Constitution of the United States and previous legislative sessions.

We leaders of Indian communities feel the results of discussion here undertaken and cannot choose lightly the answer of budget cuts so easily recommended by those con conveniently protected so far from home.

In not being able to convince you of the above, we must realistically analyse the proposed budgets and their effect to present operations.

The BIA Budget 86 Appropriation US 87 Request

Education	has a cut of	$ 51,552,000	
Indian Services	" " " "	101,269,000	
Econ. Dev. & Emp.	" " " "	48,992,000	
Natural Resources	" " " "	84,486,000	
Trust Respon.	" " " "	21,000,000	$379,197,000
Facilities Mgnt.	" " " "	2,532,000	
General Admin.	" " " "	15,553,000	
Tribe Agency Add		295,088,000	
Construction Cut		45,998,000	$295,380,000
Payment Alaska Escrow Cut		7,815,000	
Indian Loan & Ins. Add		292,000	
		Real Loss	$ 84,817,000

The Bureau of Indian Affairs Education's major area of concerns are Johnson-O'Malley and Alaska treatment. These two hidden agendas remind Indian Country of Senator Thomas of Oklahoma in 1943, when an attack was launched to terminate Indians, through the "liquidation of the Bureau of Indian Affairs, the elimination of day schools, the abolition of the Arts and Crafts Board, and immediate reductions of $15,000,000 dollars from the BIA's 1944 budget. (Stefon Frederick, "The Irony of Termination" the Indian Historian, San Francisco: American Indian Historical Society, Vol. II, Summer, 1968), p.5.) Alaska is but the precursor of the Indian Education and things to be measured with the other Indians in America. We only wish to govern ourselves and not through the guise of state government. To transfer funds from tribal control and Indian parent involvement does not increase quality education. It only evokes an outcry and possible conflict of neighboring governments, rather than meeting the obligation of this country's committment to the Indian people. To so-call, dump the federal deficit on the State of Alaska, may appear attractable at this moment, however, it only raises the question of what happens when we get back to subsistance living dollars in Alaska, less the oil and natural resources deplenished by present interested groups.

*We do not believe the transfer of JOM to State is in the best interest of Indian people.

*We do not believe the transfer of Alaskan Natives to the State control and budget of Alaska is in the best interest, in the short or long term, of Indians or Alaska.

Gramm-Rudman-Hollings is in our estimation, will affect programs within the BIA budget that are "held harmless" in other program areas, along with existing areas of agreement between this country and Indians.

*We believe that areas to be "held harmless" should primarily and not conclusive be:

1. Funds relating to the protection of tangible and intangible assets.
2. Funds for tribal government operation, including contract support.
3. General Assistance funds and all other BIA programs and services.
4. Indian Child Welfare Funds.
5. School equalization funds and all other educational programs.
6. Funds for school construction and maintenance.

The Bureau of Indian Affairs should be directed in future years to consult with tribal leadership, the budget before submission, to Congress and the President.

INDIAN HEALTH SERVICE

The Indian Health Service, still mired in the bureauracy of HRSA, PHS and other decision makers, has similar discredits to meeting the needs of Indian health.

This agency has to be given an elevation of authority on the government-to-government concept. The talking papers and oral presentation on this issue I find, will point out the wrongs being perpetrated upon Community Health Representatives, Construction and Tribal Management within the system, let alone the cry for adequate health needs.

INDIAN YOUTH

The President asked Congress to take back $725,000 already appropriated for Indian Title IV programs for HTPA Program Year 1986, which starts this July 1st. That cut, if approved, would come on top of a $2.7 million reduction in PY 86 Title IV funds triggered by the Gramm-Rudman deficit reduction law. The President's budget axe fell even more sharply on programs for Indian reservation youth. The budget proposal asks Congress to take back $3.8 million in Indian Summer Youth money for the summer of 1987. This $3.8 million cut, which must be approved by Congress within 45 Congressional working days, comes on top of a $.5 million cut due to Gramm-Rudman and a $1.1 million cut legislated by Congress last fall. The end result of all these cuts in Indian Summer money for 1987 would be to reduce the program to $7.8 million---a 41% drop in funding in just one year.

Further documents and resolution by this organization will be submitted for the record. We thank you for listening, reading and hearing our concerns.

American Indian Scholarships, Inc.
5106 Grand Avenue, N.E. • Albuquerque, New Mexico 87108 • (505) 265-8335

Brief Summary Statement on BIA Special Graduate Scholarship Program

Submitted by American Indian Scholarships for
Inclusion in NCAI/NTCA Testimony

Executive Director
Lorraine P. Edmo
Shoshone-Bannock

Student Affairs Officer
Oran LaPointe
Rosebud Sioux

Financial Officer
Khalila Marie Peña

Board of Directors

President
Joy Sundberg
Yurok

Vice President
Marvin Franklin
Iowa

Secretary-Treasurer
Alice Bathke
Navajo

Lionel Bordeaux
Rosebud Sioux

Rose Robinson
Hopi

John Stevens
Passamaquoddy

Martha Yallup
Yakima

Student Representative
Judy Deer
Kickapoo

Director Emeritus
John C. Rainer
Taos Pueblo

NTCA/NCAI strongly supports and requests the restoration of funding for the Special Graduate Scholarship Program in the 1987 Bureau of Indian Affairs budget. The funding level of $1,939,000 should be maintained to allow for the funding of 350 American Indian and Alaska Native graduate students. Graduate students are given priority for funding in the fields of medicine and health, law, business, education, engineering and natural resources. The BIA has provided funding for the Special Graduate Scholarship Program since 1972 and is now calling for its complete elimination in 1987. We strongly oppose the elimination of the program and ask that it be exempt from any further cuts in the 1987 budget.

Serving American Indian Graduate Students Nationwide

NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

Suite 840 • 818 18th Street, N.W. • Washington, D.C. 20006 • 202-293-0031

February 10, 1986

MAJOR ISSUES IN INDIAN COUNTRY

1. GRAMM-RUDMAN BUDGET CUTS IMPACT ON INDIAN PEOPLE:

Bureau of Indian Affairs:

The Bureau of Indian Affairs is making the budget cuts and eliminating programs without the consultation required by President Reagan's January 1983 Indian Policy Statement. "That reservation Indians who comprise less than one-quarter of 1% of the national population, would bear at least 2 1/2% of the total budget cuts, or ten times their fair share on a per capita basis. Thus, Indian programs suffer a disproportionate share of the proposed budget cuts. Budget cuts would have a double impact on Indians by virtue of reducing programs of general benefit to low-income Americans and by terminating or cutting severely special programs designed to benefit Indians."

Housing - No private sector financing available, inability of Indians to qualify for private loans, discriminatory practices of lending institutions.

- No private housing development, no alternative housing, inadequate sewer and sanitation systems.

Jobs & Economy Building
- Difficulty in attracting private investment capital.
- Lack of skilled job force to attract private enterprise.
- No tax base to provide tribal government employment.
- No on-the-job training, and limited vocational schooling.

Indian Health Service:

Indian Health programs are included in a special category that can be cut no more than 1% in FY 1986 and 2% in fiscal years 1987-1991. All but two IHS budget activities will receive this protection; however, the "Direct Operations" category and a small portion of "Hospitals and Clinics" are considered administrative costs and are therefore subject to the full 4.3% reduction.

As a result, Indian Health Service will be cut $10.4 million in Health Services and $400,000 in Health Facilities in fiscal year 1986. Without the protection provided under the law, the total IHS reduction would have been about $37 million.

BIA TALKING PAPER 1

[illegible]

BUREAU OF INDIAN AFFAIRS BUDGET REQUEST FOR 1987

	Adjusted FY 1986 Appropriation* Amount			FY 1987 Estimate Amount
EDUCATION				
School Operations	181,235	189,378		185,596
Johnson O'Malley	22,053	23,044		0
Continuing Education	54,011	56,438		20,212
Base Trnsf from Dept. of Edu.	0			11,500
SUBTOTAL, EDUCATION	257,299	268,860	(-51,552)	217,308
INDIAN SERVICES				
Tribal Government Services	30,872	32,259		5,604
Social Services	108,331	113,199		93,103
Law Enforcement	46,481	48,570		3,101
Self-Determination Services	20,420	21,338		12,262
Navajo-Hopi Settlement Program	2,805			2,931
SUBTOTAL, INDIAN SERVICES	208,884	218,270	(-101,269)	117,001
ECONOMIC DEVELOPMENT & EMPLOYMENT				
Employment Development	25,550	26,698		2,593
Business Enterprise Development	13,183	13,775		11,643
Road Maintenance	22,077	23,069		314
SUBTOTAL, ECON. DEV./EMPLOY.	60,810	63,542	(-48,992)	14,550
NATURAL RESOURCES DEVELOPMENT				
Forestry & Agriculture	97,612	101,997		19,712
Minerals & Min/Irr. & Power	16,775	17,529		15,328
SUBTOTAL, NATURAL RES. DEV.	114,387	119,526	(-84,486)	35,040
TRUST RESPONSIBILITIES				
Indian Rights Protection	20,488	21,408		17,408
Real Estate/Financial Trust	28,568	29,852		12,851
SUBTOTAL, TRUST RESPONS.	49,056	51,260	(-21,001)	30,259
FACILITIES MANAGEMENT	87,372 91,129	3,757	(- 2,532)	88,597

* 1986 Appropriation figures have been adjusted to reflect a 4.3% Gramm-Rudman reduction.

(All dollar amounts are in Thousands.)

[illegible]

BIA TALKING PAPER 2

GENERAL ADMINISTRATION				
Management & Administration	47,123			31,530
APA Services	17,163			17,651
Employee Compensation Payments	7,156			7,538
Program Management	4,325			6,148
Consolidated Training Programs	0			1,350
SUBTOTAL, GENERAL ADMIN.	75,767	77,770	(-15,553)	64,217
TRIBE/AGENCY OPERATIONS	0			+295,088 ??
TOTAL PROGRAM OPERATIONS	853,575			862,060
CONSTRUCTION				
Building & Utilities	33,844			28,960
Irrigation Systems	17,438			13,900
Land Acquisition	2,283			0
Housing	42,564			16,295
Fire Suppression Transfer	4,689			0
TOTAL CONSTRUCTION	100,818 105,153	47335 12	45,998	59,155
Indian Loan Guaranty and Insurance Fund	2,103	2,193		2,485 292
Payment to Alaska Escrow Account	7,493	7,815		0
TOTAL APPROPRIATION	963,989 [illegible] 1,005,130			923,700

FY-86 APPROPRIATION
Proposed OMB
Recision

IHS TALKING PAPER I

	Approp Passed by Congress	Proposed Recision by-OMB	Revised FY-86 Approp	Percent Reduction	
	(In Thousands)				
I. Clinical Services					
Hosp & Cl	433,598	(11,382)	422,216	2.63%	
Dental	25,879	0	25,879	-	
Mental Hlth	11,449	0	11,449	-	
Alcoholism	24,627	0	24,627	-	
M&R	8,621	0	8,621	-	
Reimbursement	-	-	-	-	
Subtotal	504,174	(11,382)	492,792	2.26%	
CHS	170,040	(4,174)	165,866	2.45%	
Total Cl Svcs	674,214	(15,556)	658,658	2.31%	
II. Prevent. Hlth					
Immunize	2,705	-	2,705	-	
Sanitation	20,804	0	20,804	-	
PHN	12,441	0	12,441	-	
Hlth Ed	3,614	0	3,614	-	
CHR	25,844	(11,344)	14,500	43.89%	← ***
Total Prev. Hlth	65,408	(11,344)	54,064	17.34%	
III. Urban Projects	9,741	(2,739)	7,002	28.12%	
IV. Manpower	6,460	0	6,460	-	
V. Tribal Mgmt	1,988	(1,488)	500	74.85%	
VI. Prog Mgmt	60,383	(1,636)	58,747	2.71%	
Subtotal	818,194	(32,763)	785,431	4.0%	
VII. 75X0391 Construction	46,947	(44,210)	2,737	94.17%	
Grand Total	865,141	(76,973)	788,168	8.9% *	← **

* This does not include a 6% cost of living increase.

IHS TALKING PAPER 2

IHS Approp with 1% Gramm - Rudman -
Hollings Reduction Plus Balance of OMB
Proposed Recision

		Approp Passed by Congress	G-R-H Bill Reduction	Revised FY-86 Approp	Balance of OMB Recision	Proposed Revised FY-86 Budge	Percent Reduction
I.	Clinical Services						
	Hosp & Cl	433,598	(4,336)	429,262	(7,046)	422,216	1.64%
	Dental	25,879	(259)	25,620	-	25,620	
	Mental Hlth	11,449	(114)	11,335	-	11,335	
	Alcoholism	24,627	(246)	24,801	-	24,381	
	M&R	8,621	(86)	8,535	-	8,535	
	Reimbursemt						
	Subtotal	504,174	(5,041)	499,133	(7,046)	492,087	
	CHS	170,040	(1,700)	168,340	(2,474)	165,866	1.47%
	Total Cl Svcs	674,214	(6,741)	667,473	(9,520)	657,953	
II.	Prevent. Hlth		1%				
	Immunize	2,705	(27)	2,678	-	2,678	
	Sanitation	20,804	(208)	20,596	-	20,596	
	PHN	12,441	(124)	12,317	-	12,317	
	Hlth Ed	3,614	(36)	3,578	-	3,578	
	CHR	25,844	(258)	25,586	(11,086)	14,500	43.33%
	Total Prev. Hlth	65,408	(653)	64,755	(11,086)	53,669	
III.	Urban Projects	9,741	(97)	9,644	(2,642)	7,002	27.4%
IV.	Manpower	6,460	(65)	6,395	-	6,395	
V.	Tribal Mgmt	1,988	(20)	1,968	(1,468)	500	74.59%
VI.	Prog Mgmt	60,383	(2,596)	57,787	(1,636)	56,151	
	Subtotal	818,194	(10,172)	808,022	(26,352)	781,670-	3.26%
VII.	75X0391 Construction	46,947	(469)	46,478	(43,741)	2,737	
	Grand Total	865,141	(10,641)	854,500	(70,093)	784,407	

* This does not include a 6% cost of living increase.

NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

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86 MAR -3 PM 3:09

NEED FOR INDIAN LIBRARIES

Contrary to U.S. Education Department official and Matthew's opinion, the National Tribal Chairmen's Association (NTCA) insist there is a dire need for libraries to serve the nation's 501 American Indian tribes and Alaskan Native entities.

Ms. Matthews is completely mistaken that there are oil wells on every reservation, that the tribes are rich, that libraries are not a priority, that the provision of libraries is solely a state responsibility and that Indians don't want libraries.

The new Library Services and Construction Act funded only 18 tribes last year. Tribes had only ten (10) working days to prepare proposals and for the most part, did not have personnel skilled in proposal writing to prepare competitive proposals.

A minimum of 275 libraries are needed in Indian country to help bring American Indian children and adults to the same level of Library accessibility that all other Americans enjoy. U.S. Department of Education officials must become aware of the geographical remoteness of Indian reservations and Alaskan Native Villages and of the alarming low english literacy levels of American Indians as compared to all other peoples in this country.

The National Tribal Chairmen's Association urges that at least 45 new libraries including services, personnel and materials must be provided yearly for the next seven (7) years so that American Indians and Alaskan Natives may have the access to and enjoy this essential right to read.

Mr. TAYLOR. Thank you very much, Mr. LaFromboise.

Ray, do you have a few remarks?

STATEMENT OF RAY FIELD, EXECUTIVE DIRECTOR, NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

Mr. FIELD. Mr. Chairman and staff members of the Senate Select Committee on Indian Affairs. One of our principal functions of the National Tribal Chairmen's Association in Washington, DC, is to obtain information and disseminate that information on legislation, Federal regulations, and codes. Moreover, one of the more important functions is the continuing education of bureaucrats within the Bureau of Indian Affairs, within the Department of Education, within HUD, and within the staff of Health and Human Services.

We have constantly sought to apprise them of the needs of Indian country because we do have and represent 185 federally recognized tribes across the United States, from Washington to southern California to Maine to Florida.

It is interesting to note that at the time the Indians and Indian organizations, including ourselves, are addressing these issues critical in assessing appropriate funding levels, the key members of those bureaucracies have testified and departed this room.

At a well-known eastern business school we were taught that before making a decision, get all the best information you can, but I don't think they are particularly interested in the information that we care to disseminate.

The consultation process was established for this administration by a January 24, 1983, statement on Indian policy by President Reagan. On the four Departments' budgets they did not consult the National Tribal Chairmen's Association, nor its member chairmen.

The Assistant Secretary for Education stated that there has been no formal consultation with the tribes, he was implying that there was some informal consultation. The questions I have are: With whom and what tribes did those people represent that he informally consulted?

Mr. TAYLOR. I think, undoubtedly, he is referring to the banding process or what they now call the Indian priority system, and I think that lags about 18 months behind whatever consultation took place.

Mr. FIELD. It was also interesting to note in their testimony that Senator Andrews was attempting to determine why Indian education was being moved in part from $11.5 million from the Department of Education to the Bureau of Indian Affairs while the Bureau of Indian Affairs was moving $20 million to the Department of Education. It seems to me that the Department of Education came out $8.5 million ahead, but what was the rationale?

I respectfully request that this staff and the Senators representing this committee pursue those questions that are being submitted. It would be very interesting to find out the reasoning why that type of shifting occurs.

I do appreciate sincerely the perceptions of the Senators and of the staff and their incisive questions that they've asked of the principal bureaucrats who were testifying here today.

The National Tribal Chairmen's Association would principally like to participate in the legislative process while it is being developed, so that we can have a meaningful impact rather than continually fighting forest fires and attempting to defend what we have.

As I get older, my memory starts to fail me, but I recall one statement that is penetrating and it is certainly applicable here, if I may quote:

"Great nations like great men, keep their word."

Thank you.

Mr. TAYLOR. Thank you very much.

Mr. LAFROMBOISE. Mr. Taylor, I have something for you. I didn't make copies of it. There are over 1,000 of them here from the community of the Turtle Mountains requesting that the community health representatives maintain a place in the Indian Health Service.

Mr. TAYLOR. Are those letters or a petition or——

Mr. LAFROMBOISE. These are all little signed letters to Congressmen and Senators saying that they would appreciate people to take a look at what their recommendations are. That is from the people back home.

Thank you.

Mr. TAYLOR. OK. Thank you very much.

Next we will hear from the American Indian Health Care Association, William LaRoque, technical specialist.

STATEMENT OF WILLIAM LA ROQUE, TECHNICAL SPECIALIST, ON BEHALF OF LOIS FALLIS, PRESIDENT, AMERICAN INDIAN HEALTH CARE ASSOCIATION, ST. PAUL, MN; ALSO REPRESENTING THE URBAN INDIAN HEALTH BOARD CLINICS

Mr. LA ROQUE. Good afternoon.

It is a pleasure for me to represent the Urban Indian Health Board clinics, the American Indian Health Care Association, plus the patients that our programs serve.

Mr. Chairman, on behalf of the American Indian Health Care Association, I appreciate this opportunity to appear before you today to discuss the President's proposed fiscal year 1987 budget. For the last 5 years the administration has requested no funding for urban Indian health programs and this continues for fiscal year 1987. Once again, the 37 urban Indian health programs throughout the country are faced with the increasingly difficult task of maintaining funding for essential health service programs. We appear before you today to request $10.7 million for the fiscal year 1987 urban Indian health programs.

According to the 1980 census, over 50 percent of the American Indian population now resides in urban Indian communities across the Nation. A large percentage of that population was moved to urban areas as a result of the massive relocation programs undertaken by the Federal Government during the 1950's. This urban Indian population continues to maintain strong ties with their respective reservations and the majority continue to be tribal members.

No act of Congress and no court decision has ever determined that their status as Indians terminates once they cross the reservation borders. In fact, Congress has emphasized that the Federal Government has a responsibility to provide health care to Indians, including urban Indians, in the Indian Health Care Improvement Act and amendments. The members of the American Indian Health Care Association continue to take this commitment seriously and believe that the continuation of these programs is absolutely critical.

The administration's position is that urban Indian health programs are unnecessary because there are alternative sources of medical care for the patients that we serve. Repeated requests have been made to the Department of Health and Human Services to furnish detailed information as to the actual nature of those alternative resources. To the best of our knowledge, no such information has ever been furnished. We who do administer these 37 programs know beyond a doubt that the alternative resources simply do not exist.

During the course of the effort to reauthorize the Indian Health Care Improvement Act, the association has presented numerous statements from other health care providers in communities having urban Indian health programs, stating that they simply do not have the resources nor cultural understanding and could not provide services to our patient population.

Statements from local medical associations, city and county public health associations, city and county public health departments, and public and private hospitals reaffirm that urban Indian health programs are in no way duplicating services which are already available to the urban Indian population.

It should be noted here that all of the urban Indian health programs have extensive linkages with other local health-care providers for comprehensive services and that a substantial effort is made by the urban program to seek necessary funding from other sources besides the Indian Health Service. Urban programs also collect reimbursements from Medicare, Medicaid, and third-party insurance.

The funds that we are requesting today will provide an increase of 9.7 percent over the fiscal year 1986 appropriations. This increase is based on the level of health-care inflation which, as we know, has been considerably higher than the general level of inflation. Appropriations have been significantly below authorization levels.

Since the programs have never been appropriated enough money to even keep up with health-care inflation, sufficient funds have not been available to allow programs to meet their increasing needs. Many programs have struggled to maintain services in the past 5 years because of the disparity between appropriation levels and need.

According to data available the Bureau of Labor Statistics, the medical care consumer price index has increased at an average annual rate of 15.7 percent since 1972. If this actual increase in medical care consumer price index had been reflected in the appropriation levels from fiscal year 1978 for urban Indian health programs, the appropriation level for fiscal year 1987 would have increased to $14,363,040.

As a result of this shortfall in appropriations over the last 8 years, the urban Indian health programs have actually incurred a present low in annual buying power of $5.5 million. It is not surprising when we review these statistics that the health status of American Indian people falls significantly below that of the general population.

The association urges that Congress refuse the President's rescission request to withhold approximately 25 percent of the fiscal year 1986 appropriation for the urban Indian health programs.

As you can see, this level of funding that we request today comes nowhere near the level which is needed by urban Indian health care programs to meet the unmet need. We must ask ourselves and this administration, When will the need be met? When will the infant mortality rate for our children come close to approaching the national average? When will the goal of bringing Indian health status to parity with the rest of the population be achieved?

Thanks to the support of many Members of Congress, including yourself, Mr. Chairman, and the committee, the urban Indian health programs have continued to survive. The dollars available to support these programs have never addressed the true need for health services. It has been almost impossible for programs to expand during the last 5 years to meet the demand for services.

Of the 37 urban Indian health programs, 32 provide some type of direct health care. During fiscal year 1985 the urban Indian health programs provided 175,536 outpatient medical visits; 53, 369 outpatient dental visits; 145,068 visits for health education, nutrition, mental health, optometric, and other allied health services; and 145,068 community service outreach and referral direct encounters. This represents a 4.1 percent increase in total services over 1984. Most of these programs have ample documentation demonstrating the need to provide more types and levels of service and to treat more people.

It is important to note that while all clinics receive funding from other sources besides Indian Health Service, these resources have been severely impacted by the need to reduce the Federal deficit. Other nonprotected Federal funding, State, county, and local funding can be expected to decrease during the next few years. The urban programs have been able to document that these resources are extremely limited where they exist at all.

One, unlike tribes and tribal organizations, urban Indian organizations are not eligible for direct funding the Federal block grant program.

Two, changes in State Medicaid-Medicare policies via stricter eligibility criteria, demand for copayment, deductibles that must be met before care is reimbursed, and ceilings on reimbursement severely limit Indian participation. As a result of these change, the projects have sustained a 5-percent decrease in Medicaid revenue for 1984.

Three, many metropolitan systems refuse to provide health care to Indian patients, believing they are a Federal responsibility.

As the chairman of this committee has noted, you cannot solve the Federal deficit by eliminating critically needed health programs. There is no safety net for the Indian people of our cities; literally no place else to go.

The urban Indian health programs have gone on record repeatedly requesting accountability. The present implementation of the standardized reporting system will make a significant contribution toward this accountability. Indian Health Service has performed numerous evaluations of the urban Indian health programs over the past few years. Yet no funding has ever been made available to address deficiencies cited in these evaluations. Yet, no funding has ever been made available to address these deficiencies cited in those evaluations.

Indian Health Service, by virtue of the position taken by the Department, treats our programs as afterthoughts. Yet, we are providing critically needed health services to the urban Indian population of this country. It is clear that increased efforts must be devoted to the urban Indians' needs and this administration must recognize that the problem will not go away simply because they wish it to.

Mr. Chairman, American Indian and Alaska Native people have always been a mobile population. Indians residing in urban areas maintain strong ties with their tribes and mirror the same low health status of their reservation cousins. To ignore the urban Indian population is to abandon the national goal established in the Indian Health Care Improvement Act, "* * * of providing the highest possible health status to Indians. * * *"

The American Indian Health Care Association, and the 37 urban Indian health programs that it represents, have struggled for the last 5 years to survive and maintain current services. We thank you for your continued support and ask for your renewed commitment to this national goal through the appropriation of $10.75 million for the urban Indian health programs in fiscal year 1987.

In conclusion, we ask that you reject the OBM's rescission requests; also, support the continuity of the urban Indian health programs. Presently, we are developing a final report by Indian Health Service which I basically have a draft of here, a chart series pertaining to various urban Indian health problems—American Indian population distribution, social and economic characteristics, poverty levels. As you know, poverty levels are associated with the poor health care status. The number of urban Indian health programs, medical services by year, urban Indian work data, and so forth. We will be submitting this to the Indian Health Service at the end of the month.

Regarding OTA's report earlier this morning, the association does not agree with their preliminary report. The association assumes much of the information is nonfactual, and we believe that submitting our response to them, that you look at our response very carefully pertaining to the 37 urban Indian Health programs.

Mr. TAYLOR. We'd appreciate it, Mr. La Roque, if we could get a copy of that paper——

Mr. LA ROQUE. Yes; the OTA response report is presently in draft form.

Mr. TAYLOR [continuing]. When it's completed.

Mr. LA ROQUE. Yes.

Mr. TAYLOR. We would certainly welcome any response you may have to the OTA testimony.

Mr. LA ROQUE. Thank you.

Mr. **Taylor**. I might just note one other thing. Zeroing out of urban health has been proposed at least 3 years in a row, possibly 5, I'm not sure—5, I'm told. Hopefully, you'll come out of this equally well off, as we have in the last five times around.

Mr. **La Roque**. Yes. This is the first time I have ever attended these type of meetings, and it has been an honor to present the American Indian Health Care Association's testimony to the committee today.

Also, I support the Indian health education programs, education programs of the Bureau of Indian Affairs, and all other programs assisting American Indians. I encourage you to provide a continuity of support for all the various individuals who provided you with testimony today and the programs they represent.

Mr. **Taylor**. Thank you very much.

Mr. **La Roque**. Thank you.

[Mr. La Roque's prepared statement, on behalf of the American Indian Health Care Association, and a publication of the association, "Urban Indian Health Program," follow:]

TESTIMONY

to the

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

on the

FISCAL YEAR 1987 BUDGET

on behalf of

THE AMERICAN INDIAN HEALTH CARE ASSOCIATION

Presented by: William La Roque, Technical Specialist
on behalf of Lois Fallis, President
American Indian Health Care Association
245 East Sixth Street, Suite 815
St. Paul, Minnesota 55101
612/293-0233

DATE: February 18, 1986

Mr. Chairman, on behalf of the American Indian Health Care Association, I appreciate this opportunity to appear before you today to discuss the President's proposed fiscal year 1987 budget. For the last five years, the Administration has requested no funding for urban Indian health programs and this continues for fiscal year 1987. Once again, the 37 urban Indian health programs throughout the country are faced with the increasingly difficult task of maintaining funding for our essential health service program. We appear before you today to request $10.75 million for the fiscal year 1987 Urban Indian Health Program.

According to the 1980 census, over 50% of the American Indian population now resides in urban communities across the nation. A large percentage of that population was moved to urban areas as a result of the massive relocation program undertaken by the Federal Government during the 1950's. This urban Indian population continues to maintain strong ties with their respective reservations and the majority continue to be tribal members. No Act of Congress and no court decision has ever determined that their status as Indians terminates once they cross the reservation border. In fact, Congress has emphasized that the Federal Government has a responsibility to provide health care to Indians, including urban Indians, in the Indian Health Care Improvement Act and Ammendments. The members of the American Indian Health Care Association continue to take this commitment seriously and believe that the continuation of these programs is absolutely critical.

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Health and Human Services to furnish detailed information as to the actual nature of those "alternative resources". To the best of our knowledge, no such information has ever been furnished. We who administer these 37 programs know, beyond a doubt, that the alternative resources simply do not exist.

During the course of the effort to reauthorize the Indian Health Care Improvement Act, the Association has presented numerous statements from other health care providers in communities having urban Indian health programs stating that they simply do not have the resources nor cultural understanding and could not provide services to our patient population. Statements from local medical associations, city and county public health associations, city and county public health departments, and public and private hospitals reaffirm that urban Indian health programs are in no way duplicating services which are already available to the urban Indian population. It should be noted here that all of the urban Indian health programs have extensive linkages with other local health care providers for comprehensive services and that a substantial effort is made by the urban program to seek necessary funding from other sources besides the Indian Health Service. Urban programs also collect reimbursements from Medicare, Medicaid and from third party insurers.

The funds that we are requesting today will provide an increase of 9.7% over the fiscal year 1986 appropriations. This increase is based on the level of health care inflation, which as you know, has been considerably higher than the general level of inflation. Appropriations have been significantly below authorizations (Table attached). Since the programs have never been appropriated enough money to even keep up with health care inflation, sufficient funds have not been available to allow programs to meet their increasing needs. Many programs have struggled to maintain services in the past five years because of the disparity between appropriation levels and need.

According to data available from the Bureau of Labor Statistics, the Medical Care Consumer Price Index has increased at an average annual rate of 15.7% since 1972. If this actual increase in the Medical Care Consumer Price Index had been reflected in the appropriation levels from fiscal year 1978 for urban Indian health programs, the appropriation level for fiscal year 1987 would have increased to $14,363,040 (Table attached).

As a result of this shortfall in appropriations over the last eight years the urban Indian health programs have actually incurred a present loss in annual buying power of $5.5 million. It is not surprising when we review these statistics that the health status of American Indian people falls significantly below that of the general population.

The Association urges that Congress refuse the President's recission request to withold approximately 25% of the fiscal year 1986 appropriation for the urban Indian health program.

As you can see, this level of funding that we request today comes nowhere near the level which is needed by urban Indian health care programs to meet the "unmet need". We must ask ourselves and this Administration, when will that need by met? When will the infant mortality rate for our children come close to approaching the national average? When will the goal of bringing Indian health status to parity with the rest of the population be achieved?

Thanks to the support of many members of Congress, including yourself, Mr. Chairman, the urban Indian programs have continued to survive. The dollars available to support these programs, have never addressed the true need for health services. It has been almost impossible for programs to expand during the last five years to meet the demand for services. Of the 37 urban Indian health programs, 32 provide some type of direct health care. During fiscal year 1985, the urban Indian health programs provided 175,536 outpatient medical visits; 53,369 outpatient dental visits; 145,068 visits for health education, nutrition, mental health, optometric, and other allied health services; and 145,068 community service outreach and referral direct encounters. This represents a 4.1% increase in total services over 1984. Most of these programs have ample documentation demonstrating the need to provide more types and levels of service and to treat more people.

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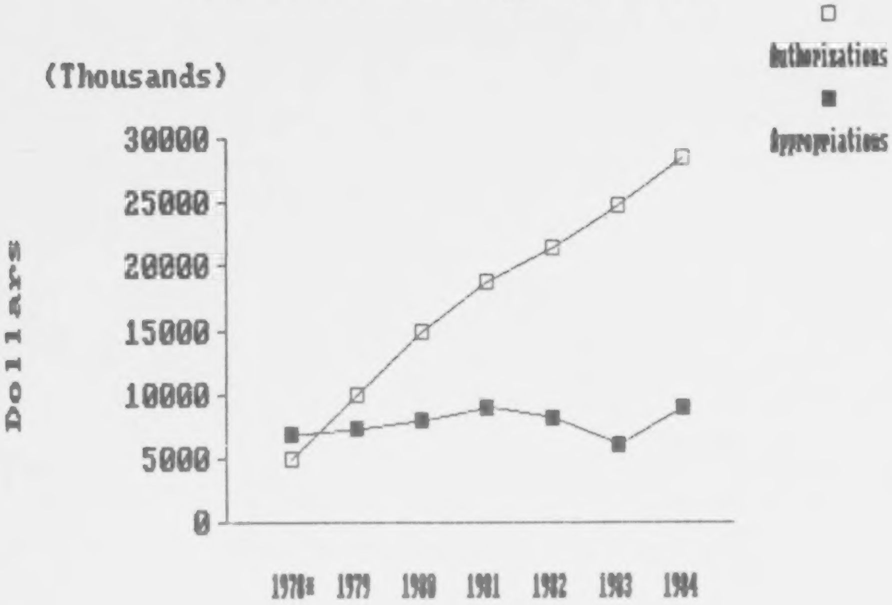
Mr. Chairman, American Indian and Alaska Native people have always been a mobile population. Indians residing in urban areas maintain strong ties with their tribes and mirror the same low health status of their reservation cousins. To ignore the urban Indian population is to abandon the national goal established in the Indian Health Care Improvement Act, "...of providing the highest possible health status to Indians....". The American Indian Health Care Association, and the 37 urban Indian health programs it represents, have struggled for the last five years to survive and maintain current services. We thank you for your continued support and ask for your renewed commitment to this national goal through the appropriation of $10.75 million for the urban Indian health program in FY'87.

Thank you.



Authorizations vs Appropriations

Fiscal Year	Authorizations	Appropriations
1978*	$5,000,000	$6,858,000
1979	$10,000,000	$7,270,000
1980	$15,000,000	$8,000,000
1981	$18,750,000	$8,900,000
1982	$21,500,000	$8,160,000
1983	$24,725,000	$6,000,000
1984	$28,500,000	$9,000,000

* Appropriation includes $3,280,000 base funding in FY'77.

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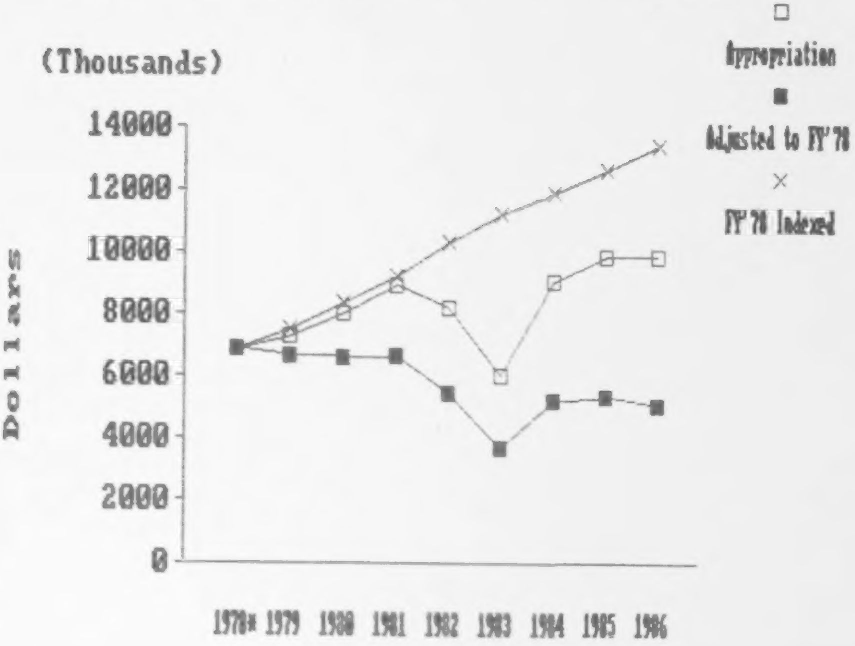
Medical Care Consumer Price Index Adjustments



Fiscal Year	Appropriation	Adjusted to FY'78 Dollars	FY'78 Indexed to Medical Care Price
1978*	$6,858,000	$6,858,000	$6,858,000
1979	$7,270,000	$6,654,310	$7,492,537
1980	$8,000,000	$6,600,979	$8,311,496
1981	$8,900,000	$6,630,424	$9,205,474
1982	$8,160,000	$5,446,620	$10,274,497
1983	$6,000,000	$3,684,299	$11,168,475
1984	$9,000,000	$5,203,162	$11,862,402
1985	$9,800,000	$5,333,962	$12,600,090
1986	$9,800,000	$5,038,950	$13,384,665

* Appropriation includes $3,280,000 base funding in FY'77.

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CHART SERIES BOOK * FEBRUARY 1985

DRAFT

URBAN INDIAN HEALTH PROGRAM

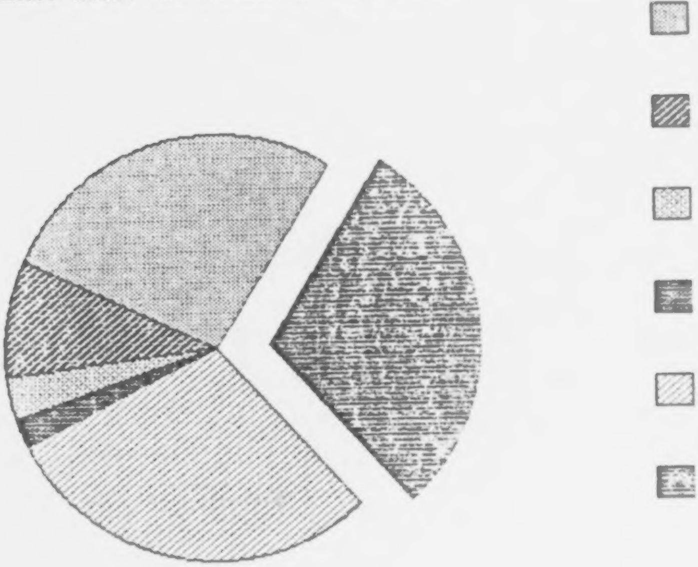


CHART SERIES BOOK * FEBRUARY 1985

American Indian Health Care Association

URBAN INDIAN
HEALTH PROGRAM

CHART SERIES BOOK
FEBRUARY 1986

DRAFT

American Indian Health Care Association
245 East Sixth Street
Suite 815
St. Paul, Minnesota
55101

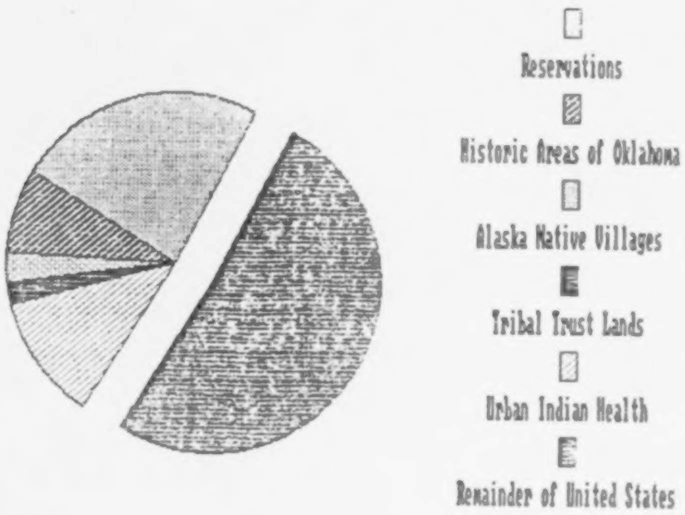
Preface

Since 1972, the Indian Health Service (IHS) has provided funding to urban Indian health programs to provide health care access and services to American Indian and Alaska Native people residing in urban areas. Today there are 37 urban Indian health programs providing health care access and services in 45 locations to a target population of approximately 300,000 urban American Indian and Alaska Native people.

The American Indian Health Care Association was founded in 1976 to provide a national focus for research, technical assistance and training, advocacy, and information dessimination on behalf of the urban Indian health programs. The mission of the American Indian Health Care Association is the improvement of health care and promotion of the social well-being of the urban Indian population.

The publication presents tables and charts that describe the urban Indian health program, demography, patient care services, and health status of the urban American Indian population. Current and trend information are presented, and comparisons to other population groups are made, when appropriate and available.

AMERICAN INDIAN POPULATION DISTRIBUTION



Population Distribution

American Indian Distribution	Percentage	Geographic Distribution
Reservations	24	
Historic Areas of Oklahoma	8	(Excluding Urbanized Areas
Alaska Native Villages	3	
Tribal Trust Lands	2	
Urban Indian Health	12	(Service Population)
Remainder of United States	51	

Source: American Indian Areas and Alaska Native Villages: 1980, Supplemental Report, PC80-S1-13, 1980 Census of Population, U.S. Department of Commerce, Bureau of the Census.

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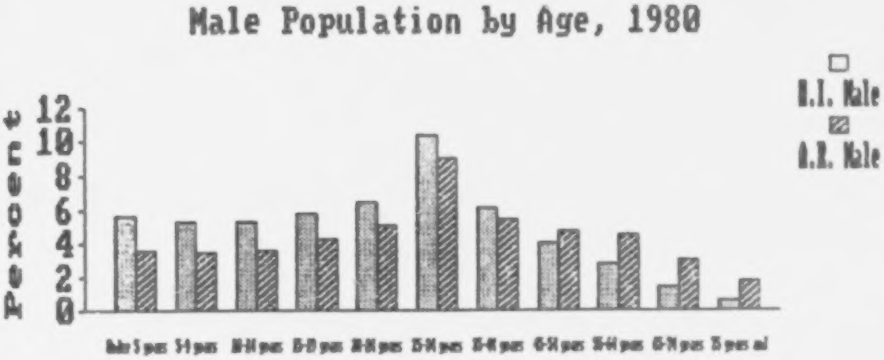
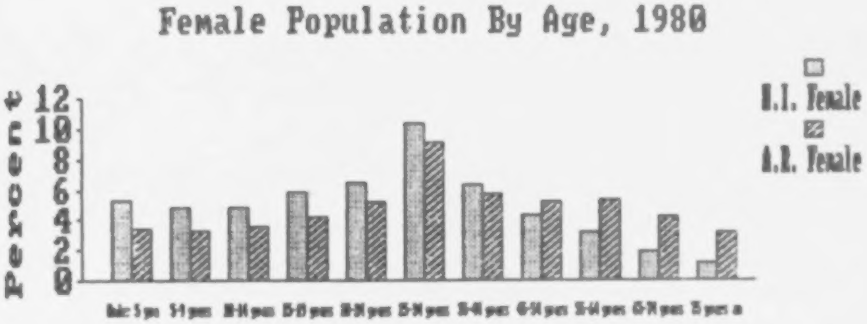


Male Population by Age, 1980



Female Population By Age, 1980

Age Group	U.I. Male Percentage	A.R. Male Percentage	U.I. Female Percentage	A.R. Female Percentage
Under 5 years	5.60	3.57	5.26	3.44
5-9 years	5.21	3.30	4.75	3.26
10-14 years	5.23	3.58	4.83	3.48
15-19 years	5.74	4.22	5.76	4.20
20-24 years	6.37	4.99	6.47	5.21
25-34 years	10.34	8.98	10.37	9.15
35-44 years	6.02	5.34	6.28	5.63
45-54 years	4.03	4.64	4.28	5.17
55-64 years	2.79	4.43	3.12	5.30
65-74 years	1.40	2.97	1.88	4.20
75 years and over	.61	1.67	1.13	3.19
Total	53.34	47.77	54.13	52.23

Source:

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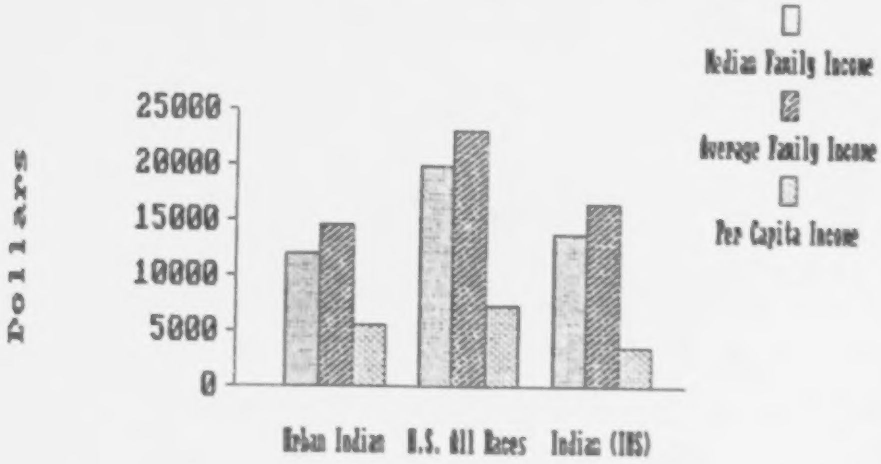
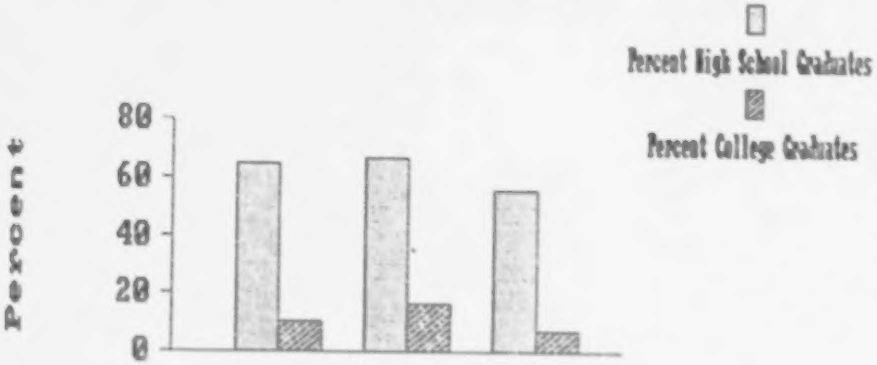
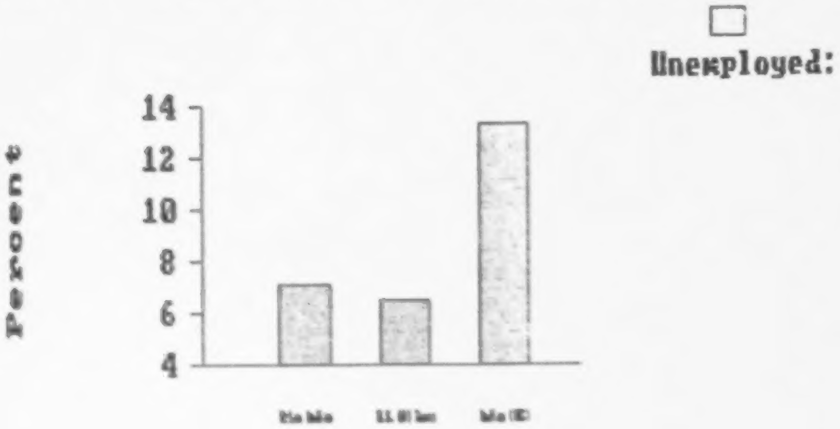
Social and Economic Characteristics: Income

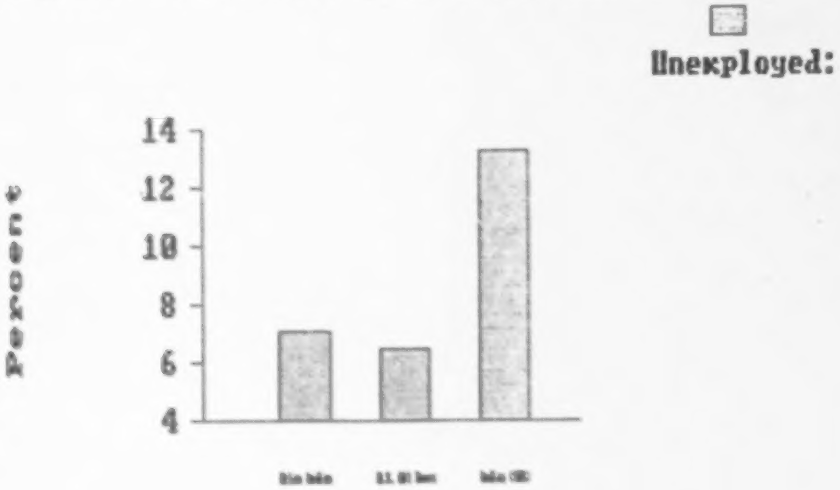


Social and Economic Characteristics: Education





Social and Economic Characteristics: Poverty Level



Social and Economic Characteristics: Unemployment

	Urban Indian	U.S. All Races	Indian (IHS)
Median Age	24.5	30.0	22.6
Percent Female	52.1	51.4	50.7
Percent Male	47.9	48.6	49.3
Ave. No. Persons per Family	3.5	3.8	4.6
Median Family Income	$11,930	$19,900	$13,700
Average Family Income	$14,584	$23,100	$16,500
Per Capita Income	$5,419	$7,300	$3,600
% of All Persons Below Poverty Level	24.8	12.4	28.2
Percent High School Graduates	64.6	66.5	55.3
Percent College Graduates	10.6	16.2	7.4
Percent in Labor Force:			
16 years old and over	62.5	62.0	57.8
Female 16 years old and over	53.5	49.9	47.7
Male 16 years old and over	72.5	75.1	68.5
Percent of Civilian Labor Force:			
Unemployed:	7.1	6.5	13.3
Female 16 years old and over	5.5	6.5	11.9
Male 16 years old and over	8.9	6.5	14.5

Source: Standard Metropolitan Statistical Area, Census Tracts, PHC-80-2, 1980 Census of Population and Housing, U.S. Department of Commerce, Bureau of the Census.

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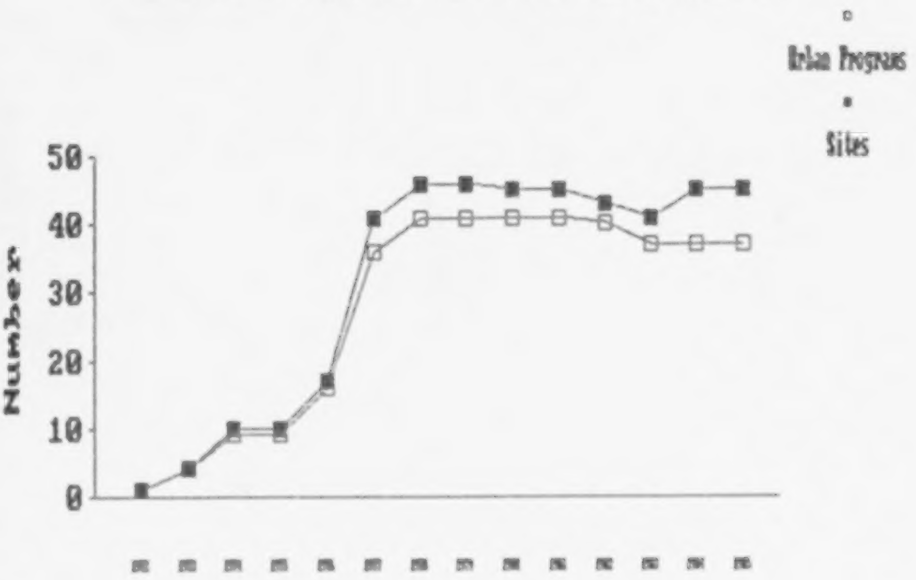
Number of Urban Indian Health Programs



Fiscal Year	Urban Programs	Sites
1972	1	1
1973	4	4
1974	9	10
1975	9	10
1976	16	17
1977	36	41
1978	41	46
1979	41	46
1980	41	45
1981	41	45
1982	40	43
1983	37	41
1984	37	45
1985	37	45

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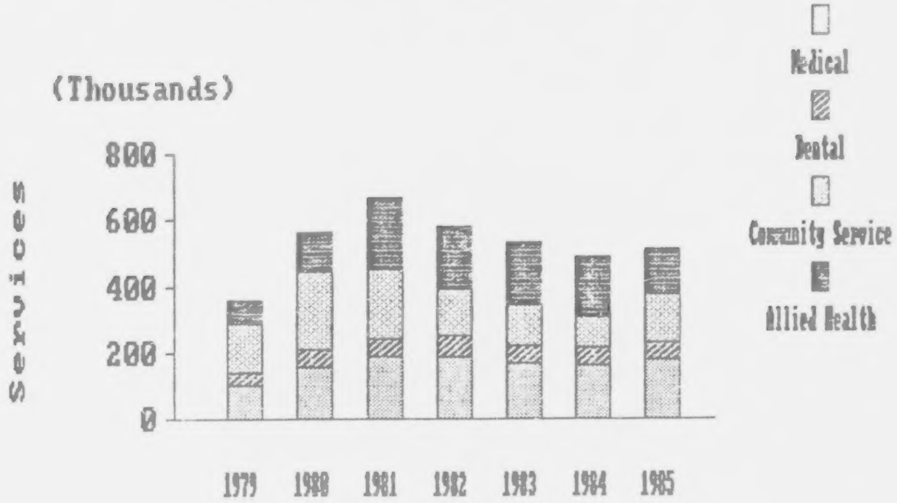
Urban Indian Workload Data



FY	Medical	Dental	Community Service	Allied Health	Total
1979	102,798	35,668	149,114	73,143	360,723
1980	153,402	54,843	236,383	119,823	564,451
1981	185,053	57,887	209,207	213,833	665,980
1982	185,502	65,043	142,233	189,789	582,567
1983	165,747	52,905	126,814	188,691	534,157
1984	162,563	51,800	88,724	186,501	489,588
1985	175,536	53,369	145,068	135,634	509,607

California FY86 data was not available; FY85 data was substituted.

1/ Number of services provided - Fiscal Years 1979-1982, number of patient encounters - Fiscal Year 1983-1985.
2/ Includes health education, nutrition, mental health, optometry, and other allied health.

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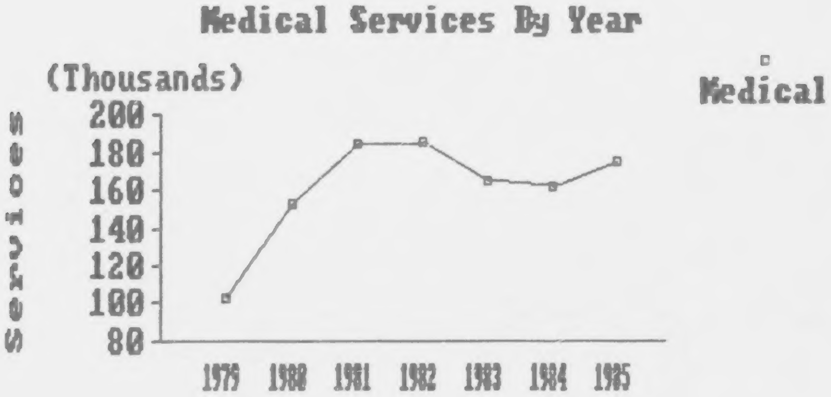
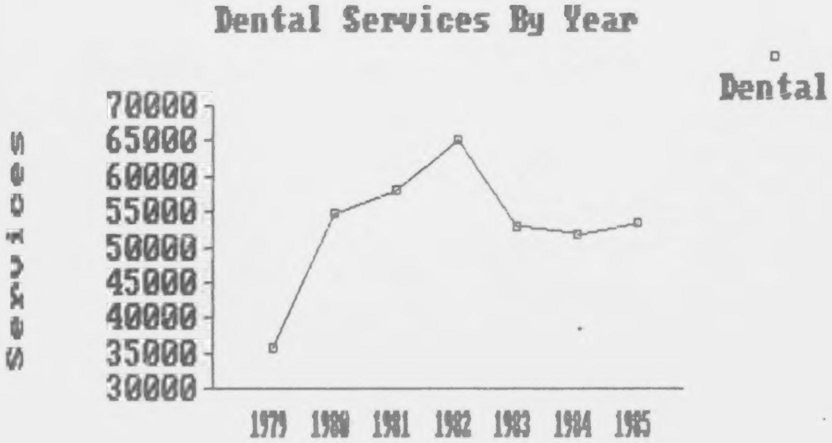
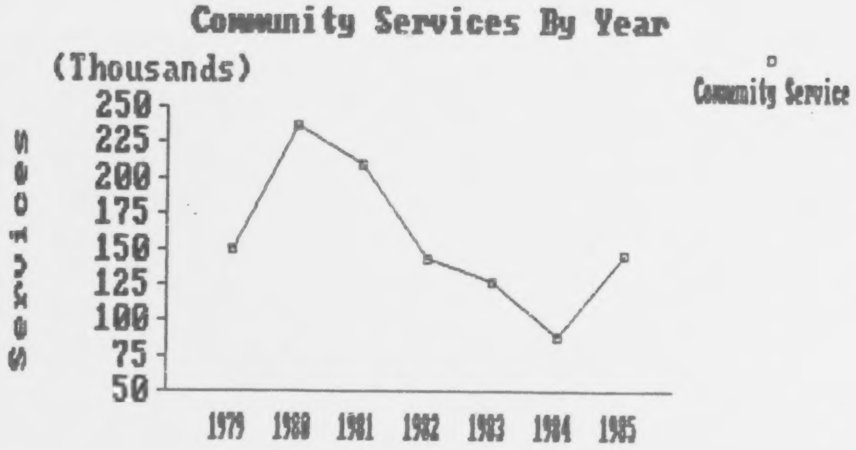
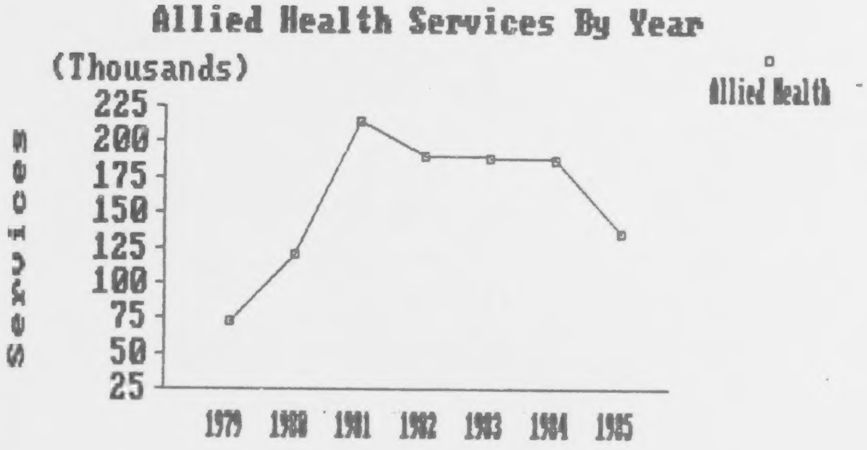


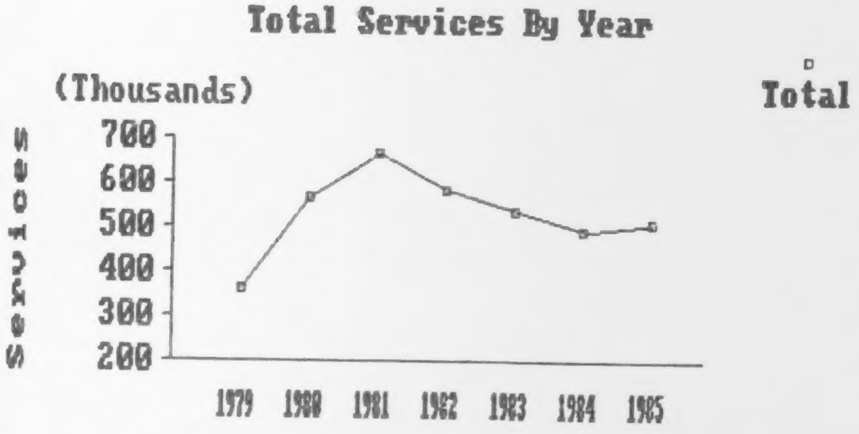
Medical Services By Year



Dental Services By Year

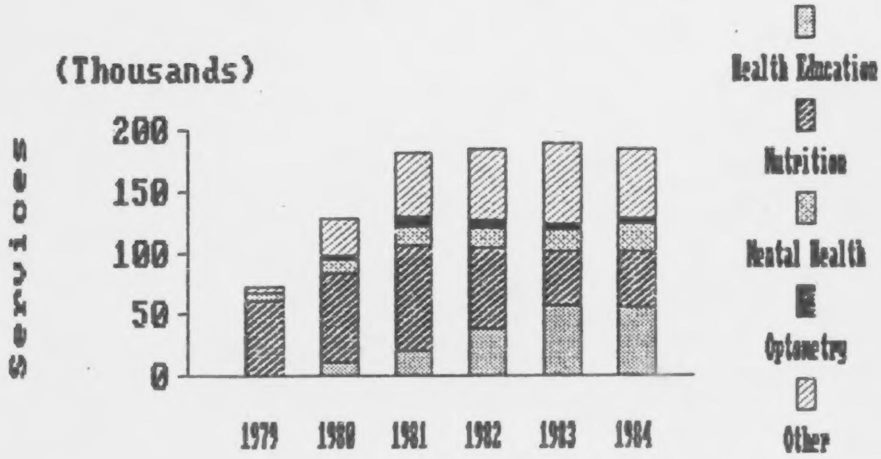

Community Services By Year
(Thousands)
Services
250
225
200
175
150
125
100
75
50
1979
1980
1981
1982
1983
1984
1985
Community Service


Allied Health Services By Year
(Thousands)
Services
225
200
175
150
125
100
75
50
25
1979
1980
1981
1982
1983
1984
1985
Allied Health



Total Services By Year
(Thousands)
Total
Services
700
600
500
400
300
200
1979
1980
1981
1982
1983
1984
1985

Allied Health Services By Year



Fiscal Year	Health Education	Nutrition	Mental Health	Optometry	Other	Total	
1979	412	61,520	5,943	120	5,148	73,143	
1980	10,347	73,270	10,706	3,942	28,993	127,258	(estimate)
1981	20,281	85,020	15,469	7,763	52,837	181,370	
1982	38,228	65,172	15,850	6,820	58,961	185,031	(estimate)
1983	56,175	45,325	16,230	5,877	65,084	188,691	
1984	55,612	45,032	22,336	4,629	56,437	184,046	

Source:

Urban Indian Health Program Evaluation Report: Charts and Graphs FY 1984.

Urban Indian Health Program Evaluation Report FY 1983.

A Comparative Assessment of Urban Indian Health Projects, May 6, 1982, Conducted by the Bureau of Community Health Services for the Director of the Indian Health Service.

National Plan for Fiscal Years 1981-1984: The Indian Health Care Improvement Act, DHHS/PHS/IHS, DHEW Publication No. (HSA) 80-1021.

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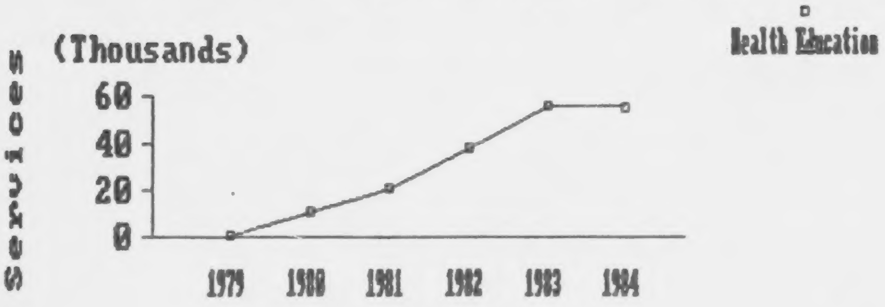
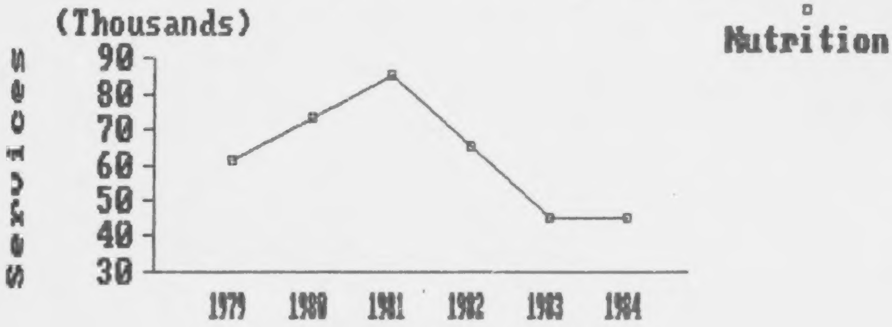
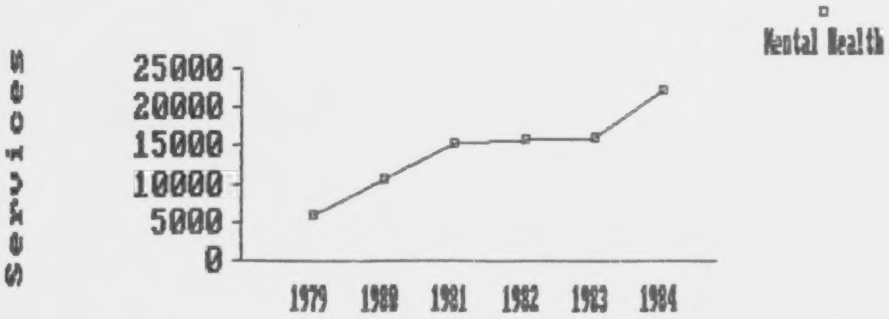
Health Education Services By Year



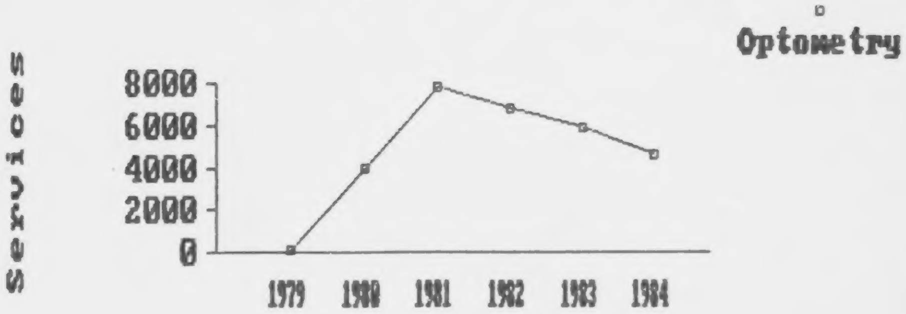
Nutrition Services By Year



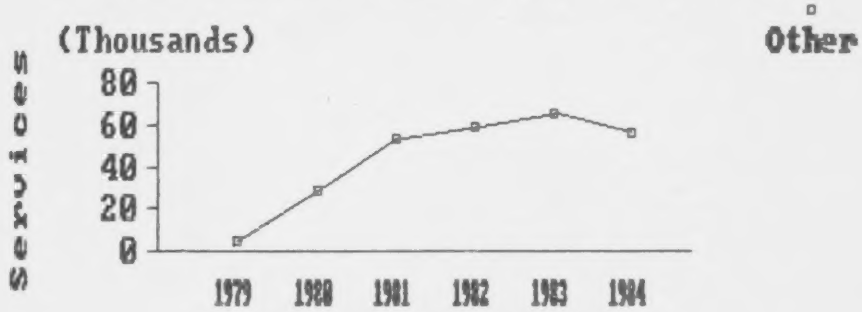
Mental Health Services By Year

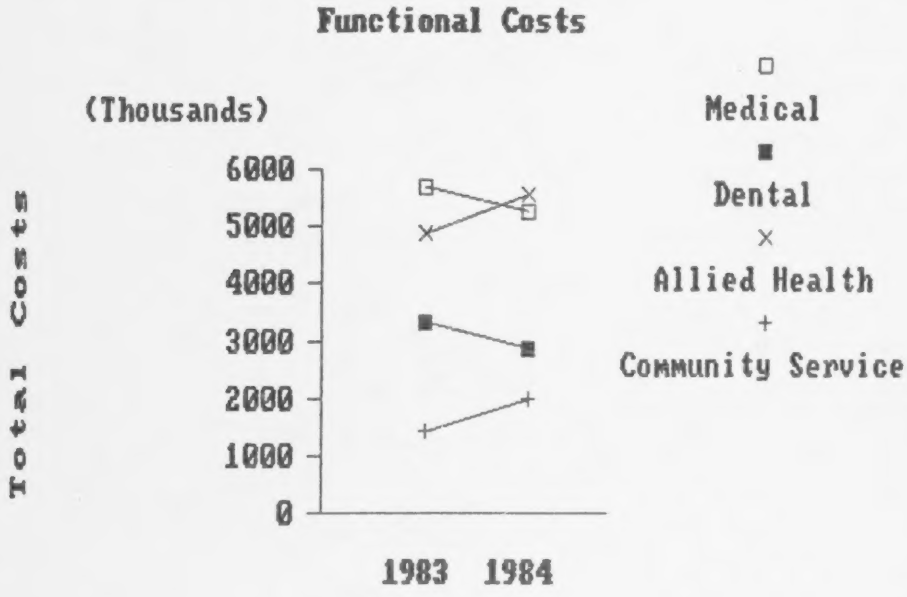


Optometry Services By Year



Other Allied Health Services By Year





Component	1983	1984
Medical	5,690,729	5,231,841
Dental	3,335,033	2,852,940
Allied Health	4,873,907	5,550,799
Community Service	1,432,091	1,996,066

Source:

Urban Indian Health Program Evaluation Report FY 1983.

Urban Indian Health Program Evaluation Report: Charts and Graphs FY 1984.

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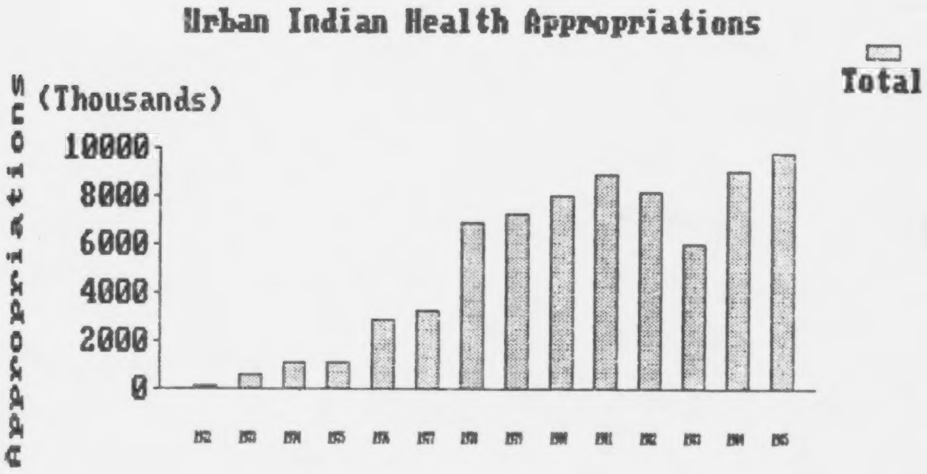

Fiscal Year	Total
1972	$150,000
1973	$600,000
1974	$1,100,000
1975	$1,132,000
1976	$2,902,000
1977	$3,280,000
1978	$6,858,000
1979	$7,270,000
1980	$8,000,000
1981	$8,900,000
1982	$8,160,000
1983	$6,000,000
1984	$9,000,000
1985	$9,800,000

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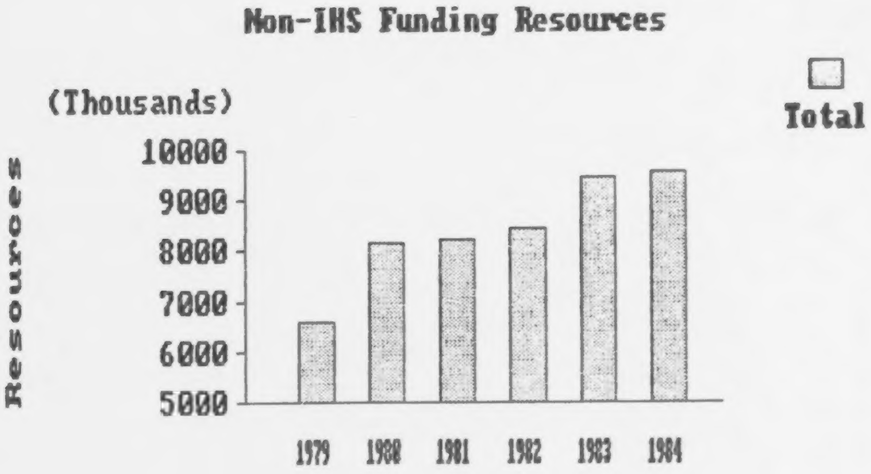

Fiscal Year	Total
1979	$6,574,823
1980	$8,145,436
1981	$8,244,863
1982	$8,447,165
1983	$9,464,688
1984	$9,589,307

Source: Urban Indian Health Program, Indian Health Service.

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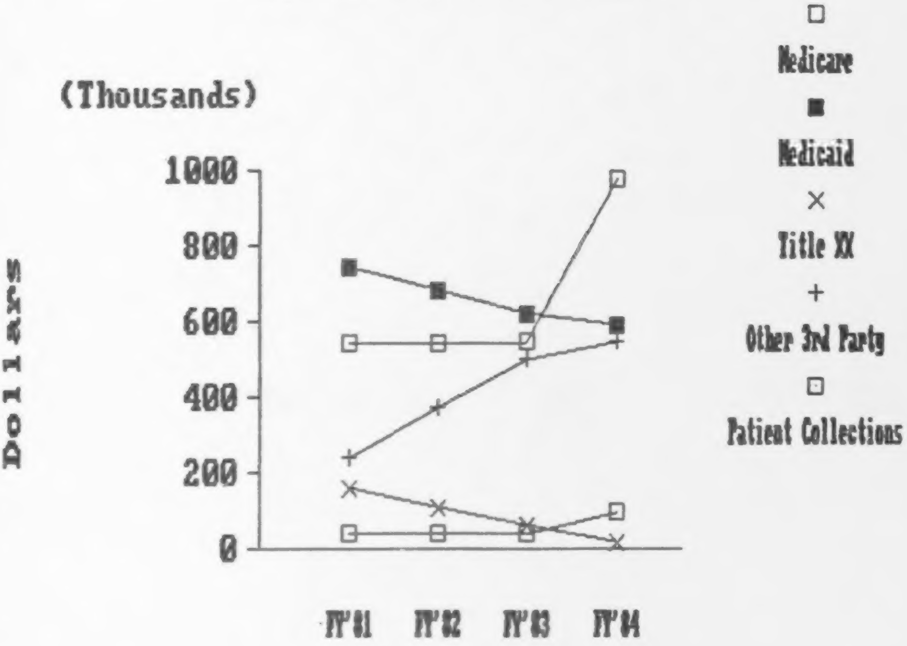
Fee-For-Service Revenue



SOURCE	FY'81	FY'82	FY'83	FY'84
Medicare	$42,510	$43,410	$40,709	$97,154
Medicaid	$744,125	$682,583	$621,031	$590,478
Title XX	$157,719	$109,418	$61,116	$16,533
Other 3rd Party	$243,101	$372,681	$502,262	$546,390
Patient Collections	$542,447	$545,973	$549,500	$980,502
Total	$1,729,912	$1,754,065 (estimate)	$1,774,618	$2,231,057

Source:

1. Urban Indian Health Program Evaluation Report: Charts and Graphs FY 1984.
2. Urban Indian Health Program Evaluation Report FY 1983.
3. A Comparative Assessment of Urban Indian Health Projects, May 6, 1982, Conducted by the Bureau of Community Health Services for the Director of the Indian Health Service.
4. National Plan for Fiscal Years 1981-1984: The Indian Health Care Improvement Act, DHHS/PHS/IHS, DHEW Publication No. (HSA) 80-1021.

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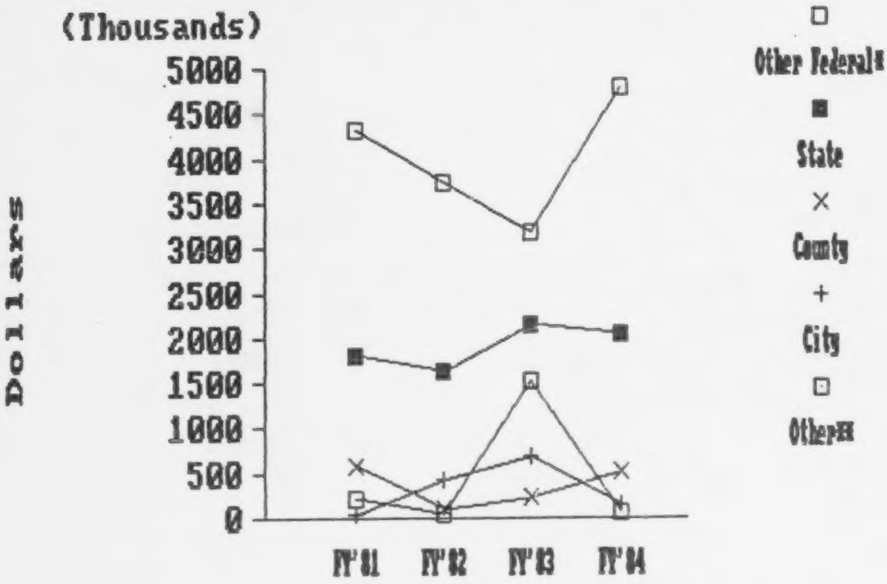
OTHER GRANTS AND CONTRACTS



SOURCE	FY'81	FY'82	FY'83	FY'84
Other Federal*	$4,322,080	$3,744,122	$3,166,164	$4,790,872
State	$1,798,159	$1,638,620	$2,154,027	$2,040,698
County	$571,422	$110,732	$239,120	$508,967
City	$43,109	$420,259	$686,811	$144,671
Other**	$224,642	$44,753	$1,531,474	$70,121
Total	$6,959,412	$5,958,494	$7,777,596	$7,555,329

* This category includes section 330, NHSC, other IHS, Title X, WIC and and other Federal.

** This category includes corporations, foundations, churches, donations, etc. FY'82 "Other" estimated.

SOURCE:

1. Urban Indian Health Program Evaluation Report: Charts and Graphs FY 1984.
2. A Comparative Assessment of Urban Indian Health Projects, May 6, 1982, conducted by the Bureau of Community Health Services for the Director of the Indian Health Service.

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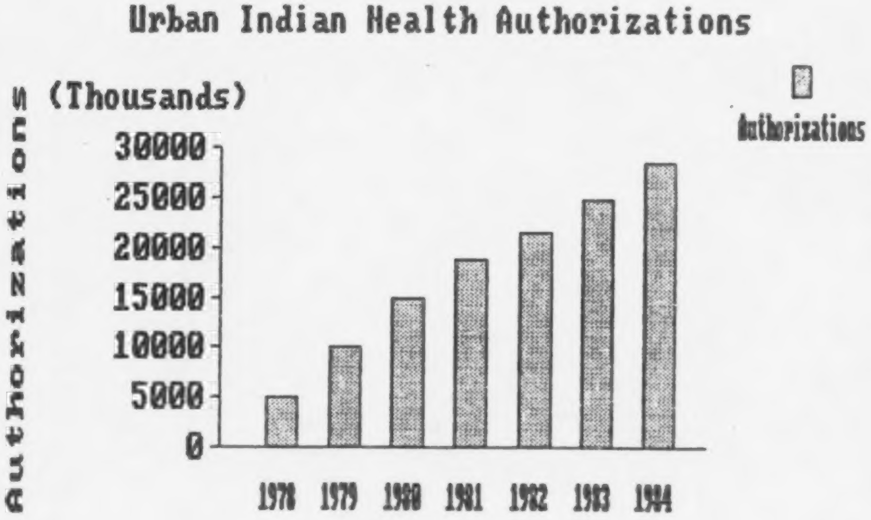

Fiscal Year	Authorizations
1978	5,000,000
1979	10,000,000
1980	15,000,000
1981	18,750,000
1982	21,500,000
1983	24,725,000
1984	28,500,000

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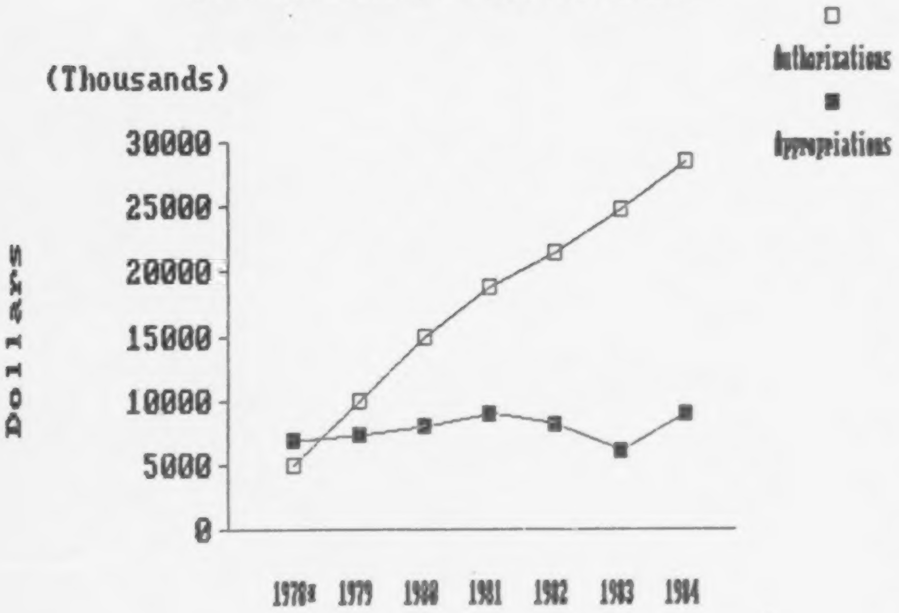
Authorizations vs Appropriations



Fiscal Year	Authorizations	Appropriations
1978*	$5,000,000	$6,858,000
1979	$10,000,000	$7,270,000
1980	$15,000,000	$8,000,000
1981	$18,750,000	$8,900,000
1982	$21,500,000	$8,160,000
1983	$24,725,000	$6,000,000
1984	$28,500,000	$9,000,000

* Appropriation includes $3,280,000 base funding in FY'77.

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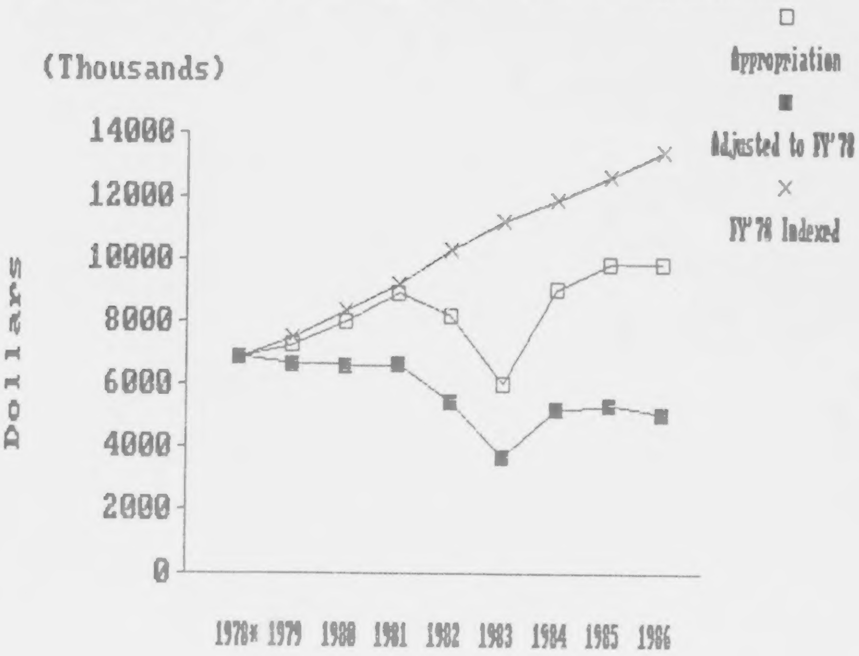
Medical Care Consumer Price Index Adjustments



Fiscal Year	Appropriation	Adjusted to FY'78 Dollars	FY'78 Indexed to Medical Care Price
1978*	$6,858,000	$6,858,000	$6,858,000
1979	$7,270,000	$6,654,310	$7,492,537
1980	$8,000,000	$6,600,979	$8,311,496
1981	$8,900,000	$6,630,424	$9,205,474
1982	$8,160,000	$5,446,620	$10,274,497
1983	$6,000,000	$3,684,299	$11,168,475
1984	$9,000,000	$5,203,162	$11,862,402
1985	$9,800,000	$5,333,962	$12,600,090
1986	$9,800,000	$5,038,950	$13,384,665

* Appropriation includes $3,280,000 base funding in FY'77.

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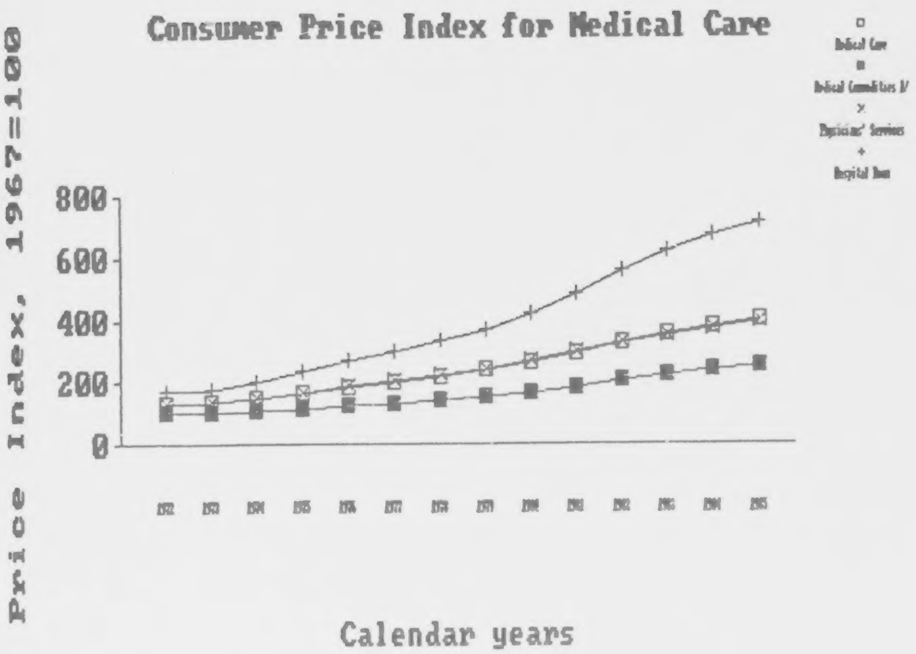

Calendar Year	Medical Care	Medical Commodities 1/	Physicians' Services	Hospital Room
1972	132.5	105.6	133.8	173.9
1973	137.7	105.9	138.2	182.1
1974	150.5	109.6	150.9	201.5
1975	168.6	118.8	169.4	236.1
1976	184.7	126.0	188.5	268.6
1977	202.4	134.1	206.0	299.5
1978	219.4	143.5	223.1	332.4
1979	239.7	153.8	243.6	370.3
1980	265.9	168.1	269.3	418.9
1981	294.5	186.5	299.0	481.1
1982	328.7	205.7	327.2	556.7
1983	357.3	223.3	352.3	619.7
1984	379.5	239.7	376.8	670.9
1985	403.1	256.7	398.8	710.5

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
U.S. CITY ANNUAL AVERAGE 1967 = 100 2/

Source: Office of Consumer Price Index, Bureau of Labor Statistics
1/ Includes drugs, eye glasses, prosthesis.
2/ Consumer Price Index, Bureau of Labor Statistics

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Mr. **Taylor**. I am going to set a target time of trying to complete this hearing by around 4 o'clock. I don't know if they will boot us out of here. That gives us an hour and 10 minutes.

Our next panel of witnesses is the National American Indian Housing Council, Virginia Spencer, director, Washington, DC, and the Housing Assistance Council, Mr. Edward Fagan, Indian housing specialist in Washington.

If you could summarize your testimony, it would be appreciated. Ms. Spencer, do you want to lead off?

STATEMENT OF VIRGINIA SPENCER, EXECUTIVE DIRECTOR, NATIONAL AMERICAN INDIAN HOUSING COUNCIL, WASHINGTON, DC

Ms. **Spencer**. Yes, thank you.

Mr. Chairman and members of the Select Committee on Indian Affairs, my name is Virginia Spencer and I am the executive director of the National American Indian Housing Council. I am pleased to appear before you today to testify on the administration's proposed budget for Indian housing.

I would like to take this opportunity to express the NAIHC's sincere appreciation to the members of this committee and especially to the chairman, Mr. Andrews, for his continued support and commitment to Indian housing.

Today I wish to express my grave concern on the future of Indian housing. The administration has continually recommended the zeroing out of housing assistance to American Indians. The Department of Housing and Urban Development's Indian housing program, however, is the only viable new construction housing program in existence in Indian country. While States are facing the same fate, if the HUD new construction program for Indians is ended, there is no other avenue to pursue.

The Bureau of Indian Affairs Housing Improvement Program is a rehabilitation program that will not bring adequate opportunities to the majority of Indians in need of housing assistance, and it, too, is being proposed for a 28-percent cut.

In addition, for the sixth year in a row, the administration has zeroed out basic water and sanitation facilities construction for Indian country. The administration continues to ask HUD to use the existing rental housing stock to house the poor. In Indian country that housing stock has never existed. To eliminate housing assistance to Indians would cause a crisis in Indian country that may have a damaging effect that could never be reversed.

I would like to mention something about the development pipeline and what HUD's comments were: We have 12,000 units in the pipeline. That will keep us busy for 4 years.

First of all, I don't think it is true that the Indian Housing Authorities cannot produce more than 3,000 units a year. In our heyday of Indian housing we produced nearly 6,000 units, and I challenge the administration to give us those units again. We will do the very best we can to get them constructed.

Mr. **Taylor**. Well, I have a question about it myself because last year they testified they had 12,000 units in the pipeline and that they have turned out 3,000, and this year they testified that they still have 12,000 in the pipeline. Have you given that any thought?

Ms. SPENCER. Well, I have never thought that the numbers matched real well with HUD. That is just another issue.

If you stop the development process by zeroing this out for 2 years in a row—and I consider that abandonment, not just a cut—what happens is the people who have the development capacity in the housing authorities no longer have a budget to be funding their salaries out of, so they leave, and they leave Indian country. They have to go somewhere else to get a job. What happens is, even if you get a program started up 2 or 4 more years down the line, you have to find those people or train new people to that job again. So you have a real crunch of probably about 5 years before you get development going again.

I don't think in Indian housing we can afford that kind of a stop in a program. We've already been cut two-thirds in the last 5 years, so zeroing this program out is—that proposal is nothing new, but to cut it again, leaves it really barely hanging in there.

Therefore, the National American Indian Housing Council objects to the proposed elimination of the program in fiscal year 1987 and the rescission of fiscal year 1986 appropriated funds. The latest figures from the Bureau of Indian Affairs housing inventory show some 90,240 families in need of housing assistance. In 1970 this figure was 63,000.

Moreover, available statistics do not include the significant numbers of Indians living in urban centers or in off-reservation rural areas, since they are not within BIA's jurisdiction. Indians from nonfederally recognized tribes are also left out of official counts. Thus, the full extent of the need for Indian housing is unknown. More than likely, however, it is at least twice that of official estimates.

In 1981 the Native American Rights Fund published a report, "Indian Housing—Worst in the Nation." It was a report on the housing conditions of American Indians and Alaska Natives. It was based on a series of citizens' hearings held in various Indian areas around the country, and witnesses at the hearings emphasized the three aspects of Indian housing that were most important: overcrowding, housing conditions—for example, the lack of sanitation facilities—and the homeless.

As one witness stated, "Cutbacks in Indian housing are another form of genocide which started 400 years ago, because when you break up your Indian families, they don't have anything left. Things like this can be prevented."

I wanted to note, too, to the members of the committee that in North Dakota in 1980 the total population had a 5-percent incidence of substandard housing, but Indians had a 30-percent incidence of substandard housing. For some many other States represented by members of this committee, the figures are: Arizona, 8.2 percent versus 61.8 percent; Alaska, 16.3 percent versus 55.2 percent; South Dakota, 13.8 percent versus 38.5 percent; Montana, 5.8 percent versus 24.9 percent; and Washington State, 3.9 percent versus 13.8 percent for the total population versus Indian population, respectively. By the way, the total population figure also includes Indians.

The figures for Indian reservations within those States, and particularly in Alaska Native villages, are even higher. In some Alaska Native villages, as we know, it is 100-percent substandard housing.

While major assistance programs were developed in the 1930's and 1940's for the undeserved in the rest of the Nation, Indian housing needs were ignored. Even within the field of assisted housing, Indian housing has been little understood and lastly considered. An array of programs is available to most Americans at several economic levels, but to date for American Indians and Alaska Natives on trust land, home mortgages are not available on reasonable terms, rental units cannot be found, and assistance to the lowest income has been inadequate to deal with the increasing numbers needing help. Complicating the severe need for adequate housing are unique social, economic, and legal factors affecting Indian people.

The Indian population has doubled in the last decade and the median age is between 20 to 25 years. This indicates that there will be an ever-increasing demand for housing for Indians in the coming years. I urge the committee to reject the administration's recommendations to zero out the HUD Indian Housing Program and to provide adequate funding for existing programs to deal with the unmet need.

In addition to opposing the proposed budget cuts, the National American Indian Housing Council would like to reaffirm its support of the Indian provisions proposed in H.R. 1, the Housing Act of 1985, which is still under consideration by the Banking Committees.

Of most importance to the members of the NAIHC is the amendment which would allow the reuse of recaptured funds from the Indian housing program. We ask members of this committee to support this and the other provisions of the bill, including the establishment of rent ceilings, elimination of the 95–5 rule, and maintaining heirship rights to mutual help homes.

An additional request is made for the deletion of the 30 percent of income contribution, as this has been particularly devastating for very-low-income families to meet.

Thank you very much. If you have questions, I would be happy to answer them.

Mr. TAYLOR. Ms. Spencer, before we pose any questions, we'll ask if Mr. Fagan has any remarks he wishes to add.

STATEMENT OF EDWARD V. FAGAN, INDIAN HOUSING SPECIALIST, HOUSING ASSISTANCE COUNCIL, WASHINGTON, DC

Mr. FAGAN. I just have a few numbers I would like to add in.

There are over 22,000 Indian homes without water and sewer. We don't have a breakdown as to HUD and non-HUD, but there are over 22,000. Perhaps if we just go quickly through the HUD, IHS, and BIA numbers, we'll see what it really looks like here.

Fiscal year 1987 construction, zero. Rescission of all fiscal year 1986 units, $225 million for repairs, which must be split between large public urban housing authorities and Indian housing authorities, with the further caveat that it will be for emergency health and safety only.

IHS sanitation facilities, fiscal year 1987, zero. Rescission of all remaining fiscal year 1986 money.

BIA HIP, minus 28 percent. No construction allowed in BIA.

Finally, the centerpiece again in the administration's proposal for HUD housing is the voucher program, and I'm going to quote briefly here from the fiscal year 1987 HUD budget.

> Public and Indian housing. No new public housing or Indian housing units are proposed for commitment in 1987. Modernization in both 1986 and 1987 will be limited to emergency needs of $225 million. No new public and Indian housing units are proposed in fiscal year 1987 and subsequent years, since the section 8 voucher program is expected to provide a more cost-efficient assistance.

Three days later, Saturday, February 8, the following statement on F-10 in the Washington Post:

> James E. Baugh, HUD Deputy Assistant Secretary for Public and Indian Housing, acknowledged that, "In tight markets you obviously have a problem. [Vouchers] don't work at all on an Indian reservation."

That about concludes it.

[Mr. Fagan's prepared statement, on behalf of the Housing Assistance Council, follows:]

HAC

HAROLD O. WILSON
Executive Director

Housing Assistance Council Inc. • 1025 Vermont Ave., N.W. • Suite 606 • Washington, D.C. 20005 • (202) 842-8600

TESTIMONY OF

EDWARD V. FAGAN

INDIAN HOUSING SPECIALIST

HOUSING ASSISTANCE COUNCIL

ON THE FY 1987 INDIAN BUDGET OVERSIGHT HEARINGS

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS

UNITED STATES SENATE

February 18, 1986

S.E. Office
Atlanta, GA
(404) 892-4824

S.W. Office
Albuquerque, NM
(505) 883-1003

Western Office
Mill Valley, CA
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Mr. Chairman and Members of the Committee, my name is Edward Fagan and I am the Indian Housing Specialist at the Housing Assistance Council (HAC). For the past 15 years, HAC, a national nonprofit corporation, has supported development of decent housing for rural low-income and Indian people. HAC provides seed money loans, technical assistance, program and policy analysis, research and demonstration projects, training, and information services to public, nonprofit, and private organizations.

I am pleased to appear before you to testify on the various segments of the Administration's FY 87 Budget which affect Indian housing. The reason I am here today is to express my grave concern over the Indian housing program - concern for the present, and even greater concern for the future.

Introduction

The Department of Housing and Urban Development (HUD), the Bureau of Indian Affairs (BIA), and the Indian Health Service (IHS) combine to form the nucleus of the only viable housing programs in Indian Country. Assisted or subsidized housing as others know it is simply not available to Indians. Programs of the Farmers Home Administration (FmHA) of the Department of Agriculture and other HUD programs such as FHA have not been made accessible to Indian people for a wide variety of reasons. Not the least of these reasons is the reluctance of the agencies involved to overcome the oftentimes transparent barriers erected at the local and national levels to prevent Indians from using those programs. Certainly, there are difficulties with issues such as the status of trust land and the reluctance of lenders to provide financing for houses built on reservations. But these problems are solvable if approached with a spirit of cooperation. However, we do not expect to see that spirit or a resolution of these problems now, particularly when the Administration also proposes a zeroing out of FmHA and a significant reduction and new restrictions on the use of the FHA program.

Indian people need to keep what they have. They need much more, but they need to keep what they have in assisted housing because this Administration apparently has no intention of providing anything better. Two recent statements show the lack of a coordinated effort within HUD to continue to provide a workable program to meet Indian Housing needs both now and in the future. On page I-M3 of the FY 87 HUD Budget the following entry appears:

> "PUBLIC AND INDIAN HOUSING - No new public housing or Indian housing units are proposed for commitment in 1987,... Modernization activity in both 1986 and 1987 will be limited to emergency needs requirements ($225 million of capital costs each year). No new public and Indian housing units are proposed in 1987 and subsequent years since the Section 8 voucher program is expected to provide more cost efficient assistance." (Emphasis added.)

On Saturday, February 8, 1986, the following statement appeared on page F-10 of the Washington Post:

> " James E. Baugh, HUD Deputy Assistant Secretary for public and Indian housing, acknowledged that, 'In tight markets...you obviously have a problem. [Vouchers] don't work at all on an Indian reservation'."

Both comments are self-explanatory. The only program available to Indians from now on will be the vouchers program, and HUD itself admits that vouchers do not work on reservations.

Overview

In FY 87 the Administration is again proposing to zero out all new construction activity in the HUD Indian Housing Program. It likewise proposes zero funding for the Indian Health Service Sanitation Facilities Program, and requests a 28% cut in the Bureau of Indian Affairs Housing Improvement Program (HIP).

Currently, there is a need for rehabilitated or new housing for approximately 90,240 Indian families living on reservations or trust lands. In 1970, this figure was 63,000. Despite these ever escalating statistics, improvement has been made. Since the early 1960s over 50,000 units have been constructed through assistance from HUD and 60,000 units have been rehabilitated through the Bureau's HIP program. However, it appears that we are beginning to lose ground. Health conditions which improved greatly in the past are now beginning to decline again, leaving Indians to face increasingly poor health as well as deteriorating housing conditions. Yet the Administration's FY 87 budget zeros out nearly all of the vitally necessary housing programs presently operating in Indian Country.

HUD Indian Housing Programs

The 1937 Housing Act, as amended, provides the authority for HUD to assist local housing authorities to construct and manage housing projects in urban and rural areas. It was not until the 1960s that Indian communities were included for assistance, even though some of the nation's worst housing conditions prevailed there. Indians still have the highest rate of substandard housing in the United States, yet this budget zeros out the existing HUD program and leaves Indians with no alternative resources other than BIA HIP, which is primarily designed for housing rehabilitation. HUD intends to replace its assisted housing program with vouchers, a system which HUD itself admits does not work on Indian reservations. In addition to the loss of development money for new homes, the Administration is proposing a severe cutback in modernization funds for Public and Indian housing with modernization limited to emergency health and safety requirements only. Recapture of units that are no longer financially feasible is planned. Recaptured funds will be proposed for rescission; that is, they will be returned to the U.S. Treasury and not reprogrammed for reuse in Indian housing projects. This simply makes no sense. Draft legislation promised by HUD at the FY 86 Indian budget hearings to address this problem has apparently not been produced.

In addition, all 2,000 units (1,921 after Gramm-Rudman) of Indian housing contained in the HUD FY 86 Appropriations Act are scheduled for rescission, and no new units in FY 87 or in the future are contemplated. Rescissions also reduce from $300 million to $200 million the funds available for development contract amendments. Modernization is dropped from $1.5 billion to $458 million of budget authority, which would fund $225 million of capital costs for emergency repairs only. The Administration claims that $225 million will do the work of $458 million under the new Capital Grants Funding process. The figures for contract amendments and modernization include allocations for Public and Indian Housing. With amendment and repair funds so drastically reduced, Indian housing projects face stiff competion for funds from large urban public housing authorities.

Once again, HUD is proposing to change its method of financing the Public Housing Agencies (PHAs) and Indian Housing Authorities (IHAs) development and modernization programs for FY87 and beyond. Since HUD proposes no new Indian housing units for FY 87, and a rescission is pending for all 2,000 FY 86 Indian units, no new funds are requested. Modernization funds are to be requested on a 1 year capital grant basis only.

The new capital grants process will work as follows:

- o Legislation will be proposed to eliminate long-term commitments for debt service annual contributions for principal and interest payments on short-term temporary notes and bonds financed by Treasury borrowing, and permanent notes sold to the Federal Financing Bank.

- o 1 year funding of capital costs will finance the FY 87 limited modernization program.
- o HUD will eliminate long-term financing on the short-terms notes as they mature. HUD, in response to a problem which arose concerning the tax-exempt status of such notes, purchased all outstanding notes as they matured. In 1985 this involved raising the ceiling on HUD borrowing authority at Treasury from $1.5 billion to $15.7 billion. HUD anticipates again raising the limit to $16 billion if Treasury will not forgive current HUD outstanding indebtedness.
- o HUD will request legislation to forgive all amounts, including accrued interest, borrowed from the Treasury to buy back notes and advances redeemed from PHA and IHA pipeline activity. Pipeline activity redemptions are expected to continue until 1990.
- o Long-term commitments for pipeline development and modernization would no longer be made, although HUD will continue advances for commitments already in the processing pipeline through 1986.
- o As the process is completed, HUD contract and budget authority to support the old system will be rescinded.

HUD states that this new method of direct financing will not impact PHA and IHA programs, only the method by which these activities are financed. Direct capital cost funding involves large initial outlays of tens of thousands of dollars per unit constructed. With imposition of Gramm-Rudman, the widespread concern for deficit reduction, and cost cutting continuing throughout the federal bureaucracy, how realistic is the expectation that HUD will be successful in securing authorization for large outlays of capital when and if it decides to begin underwriting new construction once again? Since development has been zeroed for FY 87 and future years, HUD will not need funds to finance development. The nominal sum of $225 million proposed for all PHA and IHA modernization for FY 87 would also not appear to need restructuring. If vouchers will replace pipeline development, and modernization will continue to be severely reduced, why is this new procedure necessary?

A "partial 2 year moratorium" on PHA and IHA modernization limits repairs to emergency health and safety requirements. Housing stock is certain to deteriorate and disappear from the market under these restrictions. How will these very limited funds be allocated?

Since assisted housing programs have always been underfunded, even a partial moratorium will have long-term negative effects on the Indian (and national) housing stock. The impacts will be felt long beyond the next few fiscal years. With the concurrent reduction in BIA HIP funds, many Indian housing authorities will be disabled and desperately needed housing stock will be lost, perhaps forever. HUD states that in FY 88 it will provide direct grant assistance in the amount of $760.9 million to PHAs and IHAs for modernization. What will 2 years of neglect cost to repair?

Other legislative and regulatory proposals contained in the FY 87 HUD Budget include:

- Fair Market Rent Freeze in 1987 at 1986 levels
- A Contract Rent Adjustment Freeze in 1987
- A cost-sharing proposal, whereby the federal government and local and state governments would each pay one-half of the administrative fees permitted under the Housing Voucher and Certificate programs.

If IHAs were required to use vouchers, who would be responsible to pay the one-half not paid by the federal government?

The following tables, printed in the FY 87 HUD Budget Summary, provide a variety of relevant figures for review:

Indian Housing Pre-Construction and Construction Pipelines

HUD Indian Housing Units*	1985	1986	1987
		(In Units)	
Reserved (in the pipeline) not started, start of year........	9,233	7,777	4,824
Reservation in year..................	+2,142	-0-	-0-
Deobligations (Recaptures) in year..	- 179	-153	-137
Construction starts in year.........	-3,419	-2,800	-2,500
Reserved not started, end of year..	7,777	4,824	2,187
Started not completed, start of year..............................	3,048	3,996	3,996
Construction starts in year.........	+3,419	+2,800	+2,500
Construction completions in year....	-2,471	-2,800	-2,800
Started not completed, end of year..	3,996	3,996	3,696

* Source: HUD FY 1987 Budget Summary

1985-1987 Program Reservations. The following table provides a summary of annual gross reservation activity in fiscal years 1985, 1986 and 1987.

1985-1987 GROSS RESERVATIONS*

		Contract Authority		Contract	Budget
	Units	Per Unit	Total	Term	Authority
Fiscal Year 1985					
Use of Authority:					
Public Housing Development.......	5,448	$6,091	$31,358,276	30	$940,748,310
Indian Housing Development.......	2,178	5,579	11,169,542	26	290,151,181
Contract Amendments..	NA	NA	8,480,101	NA	273,112,358
Leased Housing Adjustments........	NA	NA	19,263,851	1	19,263,851
Accounting Adjustments.........	NA	NA	14,464,023	NA	333,297,258
Modernization.........	NA	NA	83,815,519	20	1,676,440,559
Total, Public and Indian Housing....	7,626	NA	168,551,312	NA	3,533,013,517
Fiscal Year 1986					
Use of Authority:					
Public Housing Development......	350	7,689	2,691,038	30	80,731,140
Indian Housing Development......	-0-	-0-	-0-	-0-	-0-
Contract Amendments.	NA	NA	6,896,552	NA	200,000,000
Leased Housing Adjustments.......	NA	NA	19,200,000	1	19,200,000
Modernization.......	NA	NA	22,916,250	20	458,325,000
Total, Public and Indian Housing..	350	NA	51,703,840	NA	758,256,140

Fiscal Year 1987

Use of Authority:

Public Housing Development......	-0-	-0-	NA	NA	-0-
Indian Housing Development.....	-0-	-0-	NA	NA	-0-
Contract Amendments..	NA	NA	NA	NA	58,900,000
Leased Housing Adjustments.......	NA	NA	NA	NA	16,300,000
Modernization.......	NA	NA	NA	NA	225,000,000
Total, Public and Indian Housing....	-0-	NA	NA	NA	300,200,000

*Source: FY 87 HUD Budget Summary

Operating Subsidy Requirements

A summary of the operating subsidy requirements for 1986 and 1987 is provided below. The HUD Budget Summary provides no breakdown between the Public and Indian Housing programs; however, less funding is being requested for operating subsidies than in prior years.

REQUIREMENTS*	Estimate 1986	Estimate 1987
	(Dollars in Millions)	
Performance Funding Systems (PFS)....	$1,333.9	$1,412.0
Non-Performance Funding System.......	52.4	54.3
Increase in rental income from 1981 Legislation....................	-32.4	-37.1
Retroactive rent credits from 1983 Legislation........................	40.2	NA
Savings from rolling base for utilities..	-37.5	-68.8
Cost of vacancy rule implementation...	3.7	11.7
No increase in funding for expenses...	NA	-87.2
Total Requirements..................	1,360.4	1,284.9
Less: Impact of 1986 Sequestration (P.L. 99-177)......................	...	-52.1
Funding Available..................	1,360.4	1,232.8

*Source: FY 87 HUD Budget Summary

Operating subsidies are provided to both Public and Indian housing authorities pursuant to Section 9 of the 1937 Housing Act, as amended, to help them meet operating and maintenance expenses. Annual subsidy requirements are calculated on the basis of a formula -- the Performance Funding system (PFS)--which takes into account what it would cost a comparable "well managed" IHA to operate its units. The 1987 estimate reflects adjustments in operating subsidy requirements based on recent legislative and regulatory changes affecting tenant rent payments and IHA operating costs. These adjustments include:

a) Legislation: (1) 1981 legislation authorizing an increase in the maximum allowable rents; (2) the definition of adjusted income in the 1983 Housing Act.

b) Utility Consumption: Current regulations require the use of a "rolling base" consumption level consisting of average consumption levels for the past three years. Since savings will have accrued due to modernization, it is anticipated that fewer subsidies will be needed for utility consumption.

c) No Increase in Funding for PHA/IHA Expenses: Operating costs are frozen at 1986 levels. Increases in utility costs will be covered.

d) Capital Grants Funding and Treasury Forgiveness: As proposed, HUD will seek authority to provide capital grants. The result will allow recapture and rescission of $22 billion in contract and budget authority in FY 87. HUD claims that these changes will not affect PHA/IHA eligibility for operating subsidies and the Low-Rent Public Housing Loan Fund.

Finally, on a related issue, the passage of the Gramm-Rudman-Hollings legislation would reduce FY 86 Indian Housing Units and Budget Authority as follows:

FY 86 Operating Plan		Gramm-Rudman		Administration Proposal	
Units	Budget Authority	Units	Budget Authority	Units	Budget Authority
2,000	$327,600,000	1,921	$314,718,768	-0-	-0-

Indian Health Service Sanitation Facilities

For the sixth straight year, the President's budget zeros out the Sanitation Facilities Construction Program of the Indian Health Service in FY 87, and offers nothing to replace it. In addition, the Administration now produces a "revised FY 86 estimate" for SFC assistance which expends only $5,145,000 for 650 new or rehabilitated houses. The original figure for FY 86 (with Navajo/Hopi relocation removed) was $19,880,000, which would have assisted 2,580 homes. Gramm-Rudman also cut $249,000, or 30 new homes. A proposed rescission would take back the remaining $19,456,000 of FY 86 funds. This is a program which over the past 26 years has provided over $700 million of water and sewer facilities to Indian communities. Over $400 million of the $700 million has been in support of the HUD and BIA Housing Programs. The nation as a whole has about a 3% incidence of unsafe water supply; in Indian communities, th`at figure averages between 20-25%.

Through FY 81, essential water and sewer facilities for federal, state and tribal housing projects for American Indians and Alaskan Natives were provided by the IHS in accordance with the Inter-Departmental Agreement on Indian Housing between the Departments of Interior, HUD, and Health and Human Services/IHS. This agreement was established by OMB because the housing programs had been severely inhibited by a lack of water and sewer facilities. The IHS had the engineering, procurement, construction and logistical support staff available at the local level to construct water and sewer infrastructure, as well as the legislative authority to do so under P.L. 86-121, the Indian Sanitation Facilities Act.

Each year since FY 82, the Administration has proposed eliminating funding for the IHS Sanitation Facilities Program. In response, Congress (i.e., the Interior Appropriations Committees) continued funding anyway, but required the Administration to provide HUD funds for sanitation facilities for HUD homes. Thus, HUD and IHS have developed a Memorandum of Agreement (MOA) which allows HUD to transfer funds to IHS in order to continue construction of offsite facilities for HUD homes if the Indian housing authority chooses to use IHS. In FY 82 and FY 83, HUD allowed the housing authorities to amend the Annual Contributions Contract to include the money needed for offsite water and sanitation facilities without increasing the cost to participants or adding it to the development costs allowed within the cost cap limit already established. Through FY 83, the money used for the offsite water and sewer facilities came from HUD amendment dollars. In FY 84, Congress made $9 million available from HUD CDBG funds for water and sewer needs (above the $30.7 million Indian CDBG allocation). IHS states that it has completed some 3,800 sanitation facilities projects serving approximately 149,000 Indian houses through 1985.*

* Source: FY 87 IHS Budget Summary

Sanitation Facilities Construction*

FY 1985 Funding:

IHS SFC Appropriation:	$24,500,000	
Contributions (Non-HUD):	$ 6,133,170	
HUD Funds Transferred	$12,517,774 (FY 85)	$27,417,243 (Cum. Tot.)

Homes Served:	FY 1985	Accumulation Since 1960
HUD	2,276 Homes	56,861 Homes
BIA HIP	655	13,947
Tribal & Other	1,558	18,275
Total New/Rehabilitated Homes	4,489	89,083
Existing Homes	379	59,969
Total First Service Homes	4,868	149,052
Total Homes Receiving Upgraded Service	3,936	44,538

FY 1986 Funding:

IHS SFC Appropriation:	$24,850,000	
(1 Percent Sequestered):	$24,601,500	($5M Identified for Nav. Relocatee Homes)
Funds Received/obligated:	$ 5,145,000	(None for Relocatee homes)

FY 1986 Homes Estimate:			FY 1987 Homes Estimate
HUD:	2,200	(HUD Transfer funds)	2,400
BIA/HIP:	1,300	(300 Navajo Relocatee Homes)	1,000
Tribal/Other	1,550		2,000
	5,050 Homes		5,400 Homes

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* Source: IHS FY 87 Budget Summary

FY 1987 Funding:

The Administration has requested zero dollars for the IHS SFC Program in FY 87. In addition, the Administration also proposes a rescission of all remaining funds after the Gramm-Rudman-Hollings cuts.

Indian Health Facilities*
FY 1986
Summary of Projects

Project	1986 Appropriation	1986 After Sequestering	1986 Revised Estimate	1986 Proposed Rescission
Sanitation Facilities....	$24,850,000 1/	$24,601,000	$5,145,000	$19,456,000
(Number of New and Improved homes)......	(2,880)1/	(2,850)	(650)	(-2,200)

1/ Includes $4,970,000 for the construction of sanitation facilities to approximately 300 new homes in support of the Navajo and Hopi Indian Relocation Act.

* Source: FY 87 IHS Budget Summary

For FY 85 and beyond, the proposed Indian Health Care Improvement Act (IHCIA) would have authorized continuation of the IHS Sanitation Facilities program to meet all of the Indian communities' needs, as it reaffirmed IHS as the primary agency responsible for serving existing, new and rehabilitated homes as well as fulfilling other sanitation requirements.

At the end of FY 85, unmet need exceeded $516 million in sanitation facilities. This includes over 22,000 existing Indian homes which have never received first service water and sewer facilities from IHS.

The combined effects of a failure by the Administration to support the reauthorization and amendment of the IHCIA, the zeroing of SFC in FY 87, and first a revised estimate and then a rescission of all remaining FY 86 funds decimates yet another program essential to Indian housing activities.

BIA Housing Improvement Program (HIP)

Following a 1961 report of an Interior Department Task Force on Indian Affairs, the BIA established a housing division using the Snyder Act (Act of Nov. 2, 1921, 25 U.S.C. Section 13) as authority to seek funds for a housing assistance program. Initial appropriations of $500,000 were voted by Congress for FY 65, and funding levels have averaged about $20-30 million per year -- far less than the need indicates.

HIP is available through the tribe to Indians living either on or near reservations. It is a grant program, not a loan program,and it finances repairs to existing units.

HIP is continually underfunded. Generally, about $25 million has been available on a fiscal year basis, leaving a major gap between the growing needs of the very low-income population which the program serves, and the HUD modernization program, which generally assists more moderate-income reservation residents. Until recently, the program also competed with other overall tribal needs; only some area offices received funding allocations for housing based on the band analysis done by each tribe. A year ago Congress changed the mechanism for funding within the Bureau by transferring the program from the Operation of Indian Programs Account to the Construction Account. New methods for allocating funds based on a national inventory are being tested and BIA staff feel that the revised system has the potential of meeting the needs on a more equitable basis. The FY 85 Indian Housing Inventory identified 90,240 Indian families in need of assistance, and a need for housing services in the amount of $44 million in FY 86.

Workload Data*

	Actual FY 82	Actual FY 83	Actual FY 84	Actual FY 85	Est. FY 86	Est. FY 87
New House Starts (HIP)	524	581	637	347	322	-0-
Repairs	3,667	3,881	4,058	2,487	2,565	2,734

*Source: FY 87 BIA Budget Summary

Once again new construction activity is prohibited for FY 87. The Administration also proposed this restriction last year, but it was removed by Congress.

The Interior FY 87 Budget reduces HIP funding from an estimated $22,606,000 in FY 86 to $16,295,000 for FY 87. Gramm-Rudman-Hollings further reduced the FY 86 figure by $972,000. These figures do not include Navajo-Hopi relocation activities.

Summary/Indian Housing

The Administration's budget proposals run counter to the reality of housing conditions in Indian communities. In addition, there is every indication that Indian housing needs will increase in the coming years. The Indian population has doubled in the last decade, and because the median age of Indians is between 20-25 years, Indian family formations are sharply increasing. All these trends point to the need for increased funding to deal with the growing need for decent and sanitary housing on Indian lands and in Alaskan Native villages. This is not the time for zeroing entire programs or a moratorium on funding. Program levels should at the very least be maintained and new program options should be investigated to prevent paying an enormous price later from the false economy of politically motivated budget slashing now.

Mr. **Taylor**. Thank you very much.

I think Virginia Boylan has a question.

Ms. **Boylan**. Good afternoon.

I wish I could have asked these questions of HUD this morning because I had in front of me from their budget briefing their construction pipeline, and at the beginning of 1985 it was 9,000. It was reduced to 7,777 at the beginning of 1986 presumably, and then 7,777 was the carryover into 1986 with reductions down to three or four for 1987. So I am real confused where they got that 12,000 figure. Do you happen to have any idea where that came from?

Ms. **Spencer**. Honestly, I need to look at the figures, and I would be happy to get together with you and see if we can sort them out. But I believe that the development pipeline is everything from the program reservation stage to the end of construction. Some of those units are already under construction, near completion. As I understand it, there's something like 7,000 units in the preliminary stages of development that do not have an annual contributions contract signed, and it seems to me that that would be more truly representative of what is in the development pipeline because that's what is going to take another probably 3 years to develop.

Ms. **Boylan**. That is the way I read that budget—was about 7,000-some units. OK.

What you're saying is that the effect on the development capability of HUD and IHS staff, if we stop authorizing new units, would effectively be eliminated and then the startup would take several years. How many years would you estimate?

In other words, if we approved the rescission and if we did not go forward with the zero budget request for 1987—I mean if we did, if we did the things that HUD is asking us to do, when do you see new development being able to start?

Ms. **Spencer**. Well, it is going to vary from housing authority to housing authority because already some housing authorities do not have any more development units in their pipeline. So unless they are a large housing authority, they do not have the funds to pay the salaries for development personnel. Even if they only have one development person, he would have a development budget. If they are all through with development, that person has to go somewhere else. So, then, to start up again, if it is 2 years down the line, they have to hire somebody and get him started again, and it would be 4 years at probably a minimum to get going again.

Ms. **Boylan**. Thank you. I think that answers the question. A 4-year minimum.

Ms. **Spencer**. That is a conservative estimate.

Ms. **Boylan**. Given the fact that the figures that we keep tossing around here are 60,000 need for new housing and 30,000 for substandard, why would you suppose that the Housing Improvement Program at BIA continues to focus on rehab when the need is obviously twice as great on new, and their average new house is only $36,000?

Ms. **Spencer**. The administration's recommendation a couple of years ago was that HIP only provide rehab, and I think Congress has contradicted them and said, "We still want you to do new." I think they have done some new units in the last year, but it is a minimal amount, like 320-some units. In the budget, it is again proposed that they do not do any new construction of units, that they only do rehab.

Of course, with a budget of—what, $17 million they've proposed—you are not going to get very many new units with that amount of money.

Ms. **Boylan**. As I recall, last year's was about $6.9 million or something like that, and they were planning to build 200——

Ms. **Spencer**. Right. They would divide it up. In the past they have had four categories of housing—rehab and down payments and new construction and substantial rehab, and they have always divided up within the Department what goes for new construction versus rehab, but the administration—I am assuming that is OMB—has told them, no, you are only going to be responsible for rehabbing existing units in Indian country.

Ms. **Boylan**. Well, I guess my question is, Is that where you think they should put their priorities, given the 60-30 split? Would you rather see the priorities set on new units? I know there's a need for both. I am not questioning that.

Ms. **Spencer**. There is. I think the need for the Bureau's program for new construction is particularly important in areas where they are very small tribes that you can go in and do everybody at once, 10 units or something like that, and come out again. If they don't have that flexibility, which has been, I think, one of the things going for the BIA HIP Program, you lose something there. It would take HUD forever to reach those 10 units because they're not economically feasible. In those kinds of cases the Bureau should probably build new houses.

Mr. **Fagan**. If I could add something to that, the last 2 years the legislation that we see here has precluded new construction in the appropriations language. So I don't believe BIA HIP can do new construction anymore.

Ms. **Boylan**. I beg your pardon? I'm not sure I understand that.

Mr. **Fagan**. The legislative language that I saw for fiscal year 1987 and for fiscal year 1986 says that BIA HIP is legislatively precluded from building new housing. I believe they can only rehab.

Virginia, you could clarify that.

Ms. **Spencer**. I think the administration has proposed that. I don't know if Congress has approved that. I don't think so. They are proposing it again.

Mr. **Fagan**. I thought it was there in fiscal year 1986.

Ms. **Boylan**. No, it is not. Well, they proposed it in 1986 but we turned it down last year.

Mr. **Taylor**. Speaking of the flexibility of the Bureau of Indian Affairs and the HIP Program and comparing it to the HUD programs, I know there is a proposal that has floated around about possible consolidation of Indian housing programs, one concept being a consolidation of the BIA HIP Program over at HUD. Has there been any discussion of this proposal among Indian housing authorities or any of the groups that the two of you work with?

Ms. **Spencer**. Well, in past history, yes, there's been a lot of discussion of that issue. The current proposal I think you are referring to, I received a letter from my vice chairman of the board that HUD had made a proposal to consolidate all housing programs in HUD. However, you will never get rid of the Bureau of Indian Affairs in housing programs because they deal with the trust status of the land and they have to approve the leases for the land. So you are not really cutting out the Bureau's role.

Mr. **Taylor**. Given the fact that the BIA has personnel on the ground at the agency level, or at least is working through tribal councils—and not every Indian tribe has an Indian housing authority——

Ms. **Spencer**. Right.

Mr. **Taylor** [continuing]. And not all of the housing is HUD housing——

Ms. **Spencer**. Right.

Mr. **Taylor** [continuing]. In your opinion, would it be wise to transfer this program from the Bureau of Indian Affairs or not?

Ms. **Spencer**. Probably not, and our reasoning is that we sort of like to divide up our resources amongst different departments so that we don't get cut off all at once.

Ms. **Boylan**. That's a nice honest answer. [Laughter.]

This morning HUD testified that they did not know of any HUD units that were completed waiting to be occupied that were not hooked up to water and sewer. Do you know of any such units or could you supply that to the committee?

Ms. **Spencer**. I think I can probably supply that information.

[At the request of Ms. Boylan, the following additional information was submitted by Ms. Spencer for inclusion in the record:]

Response Received From Ms. Spencer

When I checked with HUD and Indian Health Service about a week after this hearing, as I understand it, there were not any homes completed but waiting for water and sewer. Also, at this date, HUD had transferred all the money needed for homes under construction.

Ms. **Spencer**. I was talking to someone in the Indian Health Service just—what is today?—Tuesday—last week, and the question came up as to whether HUD's number for the units that were under construction that HUD hadn't transferred money to the Indian Health Service for water and sewer was the same as the Indian Health Service number. I believe there are some 300 units that Indian Health Service is waiting for HUD to send money over. I think those units are at least designated as projects. Whether they are actually under construction on the ground or not, I am not sure, but maybe I can seek out that information and provide it to the committee. I know in the past it has existed.

Ms. **Boylan**. In the HUD budget, which again I don't have in front of me, I remember seeing different figures for 1985, 1986, and 1987 for the number of units that would be recaptured. Some of these, I understand, have been in the pipeline up to 7 years, most for less than that. Have you done any analysis of how many—if the recaptured units were put back in, what the difference in the numbers would be? In other words, if they recaptured 167 units in 1985, would the same amount of money be able to be used to build 167, or was the original figure higher?

Ms. **Spencer**. First, I have not done that analysis, but it is true—Mr. Meyers said that the development cost for Indian housing units has been reduced 22 percent over the last 5 years or so. I really would have to look at the development cost figures that they're picking up versus what they think they're charging now.

I think it is important to understand that the recapture of units in the pipeline is for units that have been in the pipeline before September 30, 1982. In public housing it is 3 years. So actually they have given us a little bit of a grace period.

What we want, of course, is an amendment that says any recaptured funds from Indian housing units in the development pipeline be reused for Indian housing rather than lost or given back to the Treasury.

Ms. **Boylan**. Thank you, Virginia.

I don't think I have any more questions.

Mr. **Taylor**. I don't think we have any further questions. Thank you very much for your testimony. We know how to get a hold of you and you know how to get a hold of us as we're preparing our report.

Ms. **Spencer**. Thank you.

Mr. **Taylor**. Our next panel is the Association of Contract Tribal Schools, Roger Bordeaux, executive director, of Pierre, SD.

STATEMENT OF ROGER BORDEAUX, EXECUTIVE DIRECTOR, ASSOCIATION OF CONTRACT TRIBAL SCHOOLS, PIERRE, SD

Mr. **Bordeaux**. I think you do have our prepared statement that we gave this morning. What I would like to do is try to hit seven or eight major things that I see in the proposed budget justification for 1987 and try to relate that to what is happening with public schools and some comparative cost-type things. Also, I want to get into a little bit of the method of funding for the schools.

I think if you remember over the last couple of years, the Bureau has testified saying that we are going to get the money out to the schools sooner; we are going to do such and such to get the money out to the schools sooner.

Yesterday when I called one of the schools, they did not get their final calculation forms for the formula yet this school year. We are 60 percent into the school year and 50 percent into the contract year.

They have gotten approximately 75 percent of their fundings for operational and maintenance costs, which is in their letter of credit. In some areas they have gotten zero dollars in regard to contract support. I am assuming they are figuring out some kind of way internally to handle those costs.

What the Bureau has been trying to do over the last few years in regard to speeding up funds to the schools, they are apparently not able to do it. That is in almost every category that they have jurisdiction over.

What I would like to do now is briefly go over the major categories in the line items of the Bureau's education budget that pertain to elementary and secondary tribal schools and show you what it looks like.

I think if some of you remember in 1979–80 school year, which was the first year of implementation of the formula, the rate per student was approximately $1,700. That figure for the 1985–86 school year, which is this year, is $2,100. That is a 3-percent increase over 7 years. It approximates out to about 2.5 percent per year. Everybody says, well, that is not too bad; we kept up.

When you look at South Dakota costs per pupil over the same 7-year period, their costs have increased 60 percent. Those facts you can find in the South Dakota Educational Statistics Digest which they print out every year from the State department.

In actuality, the Bureau operates, at least in South Dakota—and it could be worse in other areas—they have a variable right now of $1.20, supposedly to pay for something. The public schools in the State have $1.60. That is what their costs are. So it's not keeping up anywhere close to what it costs the South Dakota educating anybody, let alone probably a national average or any other averages.

I think if I remember the last financial material on per-pupil cost, South Dakota was ranked something like 38th out of 50 States plus the District of Columbia. So they are not even in the upper half.

I think the same thing holds true with regard to the training and expense money. We have been fighting over that for the last 3 or 4 years. Initially the expense money costs were part of a formula. They got it through Congress, so there is a separate line item for expenses. Then the Congress took another $400,000 plus off of there, which added a little bit more problem. Since 1979 the training money has approximately been cut in half.

What I looked at were the fiscal year 1985 figures. Taking an overall average for the Bureau-operated schools, taking out for school board expenses and school board training, if you average everything out, it is about $9,400 per school. When we look at the same statistical information for the State of South Dakota, the 195 schools in the State average $17,000 for the same expenses. The student population range in the school districts is kind of similar to the Bureau operations except for the real big schools, about maybe five or six schools over a thousand students, but the rest are under 1,000 and the average high school is 120, and things like that. It is all in a rural area.

When you take those expenses and follow them through, what was approved in 1986 and is being proposed for 1987, and supposedly if Congress and the administration can't come up with a budget to meet the deficit, there could be an additional decrease down to approximately $5,000 from that $9,400. That is a 35-percent decrease, and it is in money for expenses and training. Everything is going down where expenses are going up, and we just can't keep up with anything at all.

The next thing I want to hit is the contract support hours, which also has a similar problem as everything else. In the last two budget justifications for the Bureau they say that they are going to use the fiscal year 1984 base in regard to contract support for the schools as a funny figure supposedly for 1985 and supposedly for 1987 and 1987.

What actually happened in 1985, they didn't request enough money, so the majority of the schools ended up with 97 percent of what they requested in 1984. In 1985, with some congressional cutbacks and also some administrative cutbacks, the schools actually experienced another 2 percent of what they were supposed to get for a base. If you look at 1986, after the two congressional cutbacks and some other things, they are looking at approximately 87 percent of what they had in 1984. If you look at the 1987 request, it is going to go back up to 91 percent, but with Gramm-Rudman it will go back down to 68 percent.

When you try to operate a system and try to manage a system, which the schools are required to do in regard to 638 and 569 and all these other public laws, when you don't know what you are getting per student, when you don't know what you are going to get for management and don't know what you are going to get for operational and maintenance costs sometimes into September of a fiscal year—the same thing happened in operation and maintenance over the last year. It fluctuates up and down, and you never know what's going to happen. I suspect the schools probably will not have the final figure until somewhere between April and September. They contract for those services, and it is hard to try to manage anything when you don't know if you are going to have the money to fix pipelines and all this other type of stuff.

The only other small category I wanted to try to get into is the title IV, JOM transfer. I think the main thing there is the lack of tribal input into the educational programs as proposed by the Tribal Education Act of 1986. I haven't been able to read the thing thoroughly and analyze it, so I won't say too much more on that, but I know for sure that the lack of tribal government involvement is drastic.

The proposed reductions in FINR of 23 percent in fiscal year 1987 will compound a $400 million backlog that the BIA has in regard to FINR projects. The proposed zero amount of dollars for school construction, which was taken out in fiscal year 1986, and in 1987 no money at all for any schools. That's going to add to what exists already in the backlog, not in FINR but also construction.

I think overall if you look at the proposed budget for 1987 and what has happened since the implementation of the formula and everything else, it appears to me that they have approximately 74 cents on the dollar right now compared to the 1979–80 school year, as opposed to the schools in the State of South Dakota having roughly $1.60 for similar expenses.

Mr. TAYLOR. Thank you very much for your summary. Your printed statement will be made a part of the record at this point.

[Mr. Bordeaux' prepared statement, on behalf of the Association of Contract Tribal Schools, follows:]

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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

MY NAME IS ROGER BORDEAUX. I AM HERE ON BEHALF OF THE ASSOCIATION OF CONTRACT TRIBAL SCHOOLS. A.C.T.S. WAS FORMED IN 1982 TO PROVIDE ADVOCACY, COMMUNICATION, TRAINING AND TECHNICAL ASSISTANCE TO MEMBER TRIBAL SCHOOLS AND OTHER SCHOOLS INTERESTED IN TRIBAL CONTROL OF ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

THERE ARE CURRENTLY 64 TRIBAL SCHOOLS, WITH OVER 10,000 STUDENTS OPERATING IN 17 STATES INCLUDING ARIZONA, MONTANA, NORTH DAKOTA, SOUTH DAKOTA AND WASHINGTON. THE SCHOOLS RANGE IN SIZE FROM A K-3 COMMUNITY SCHOOL WITH 24 STUDENTS, TO A K-12 COMMUNITY SCHOOL WITH OVER 675 STUDENTS. THE AVERAGE STUDENT MEMBERSHIP IS 150. OVER 50 PERCENT OF THE STUDENTS ATTEND SCHOOLS WHICH HAVE BEEN ACTIVE MEMBERS OF A.C.T.S.

WE ARE HERE TODAY TO DISCUSS THE FEDERAL GOVERNMENT'S FISCAL RESPONSIBILITY TO THE 40,000 STUDENTS FUNDED BY THE B.I.A. OVERALL, THE B.I.A.-EDUCATION SCHOOL OPERATIONS PROPOSED BUDGET DID QUITE WELL COMPARED TO OTHER EDUCATION PROGRAMS. THE ADMINISTRATION MUST HAVE REMEMBERED THAT THE SCHOOLS OPERATIONAL FUNDS ARE FOR BASIC EDUCATION SERVICES AND NOT SUPPLEMENTAL EDUCATION SERVICES. HOWEVER, THERE ARE SOME MAJOR PROBLEMS WITH THE PROPOSED BUDGET.

1.) I.S.E.F. (FORMULA FUNDS)

SINCE THE INCEPTION OF THE FORMULA IN 1979, THE CATEGORIES HAVE NOT CHANGED. THE WEIGHTED STUDENT UNIT FIGURE IN THE FIRST YEAR WAS APPROXIMATELY $1,700.00. IN FY 86 THE WSU FIGURE IS APPROXIMATELY $2,100. THIS 20 PER CENT INCREASE DID NOT KEEP UP WITH INCREASED PER PUPIL COSTS.

IF A B.I.A. FUNDED SCHOOL IN SOUTH DAKOTA PURCHASED A SCHOOL BOOK IN 1979 FOR $1.00, THAT SAME BOOK TODAY WOULD COST $1.60.* THE B.I.A. SCHOOLS HAVE ONLY $1.20 TO PURCHASE THAT BOOK. THEREFORE THEY HAVE LOST $ .40 ON THE DOLLAR IN REAL PURCHASING POWER.

THE SCHOOL BOARD TRAINING LINE ITEM FUNDS SHOULD BE PUT BACK IN THE I.S.E.F. AND LET THE LOCAL SCHOOLS DECIDE WHAT IS NEEDED.

THE FUNDS LINE ITEMED FOR SCHOOL BOARD EXPENSES IS NOT ADEQUATE. IT WOULD GIVE EACH SCHOOL APPROXIMATELY $4,000. THESE FUNDS ARE NOT ENOUGH TO HANDLE THE POLICY DECISION, LEGAL AND MEETING EXPENSES FOR ALL OF THE SCHOOLS. WHEN YOU COMPARE THIS $4,000 FIGURE WITH THE $17,000 AVERAGE FOR THE AVERAGE BOARD OF EDUCATION COSTS IN S.D.* IT APPEARS THERE IS A SERIOUS DISCREPANCY. IN THE PLAINS STATES, S.D. WAS RANKED THE LOWEST FOR PER PUPIL COSTS IN THE 1983-84 SCHOOL YEAR.

THE SCHOOL OPERATION CONTRACT SUPPORT LINE ITEM APPEARS TO BE THE SAME AMOUNT AS FY 86. THE FOLLOWING SERVICES SHOWS YOU WHAT REALLY HAPPENED AT ONE SCHOOL:

FY 84 CONTRACT SUPPORT 94 % OF REQUEST	112,000
FY 85 CONTRACT SUPPORT 69 % OF REQUEST	84,000
FY 86 CONTRACT SUPPORT SCHOOL REQUEST	120,000
FY 86 CONTRACT SUPPORT B.I.A. FIGURE (51%)	69,000
FY 87 CONTRACT SUPPORT B.I.A. FIGURE (51%)	69,000
FY 87 CONTRACT SUPPORT EFFECTS OF SEQUESTRATION (25%)	51,750

THE RED SCAFFOLD SCHOOL IN S.D. WILL EXPERIENCE A 57 PERCENT REDUCTION IN CONTRACT SUPPORT FUNDS IN THREE SHORT YEARS. THIS SCHOOL DOES NOT HAVE THE FUNDS NECESSARY TO MEET THE MANAGEMENT REQUIREMENTS OF P.L. 93-638, P.L. 95-561 AND ALL THE SUPPLEMENTAL EDUCATION PROGRAMS.

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* S.D. EDUCATION STATISTICAL DIGEST 1984-85 P. 2, PER PUPIL COST PERCENTAGE INCREASE FROM 1978-79 SCHOOL YEAR TO 1984-85 SCHOOL YEAR.

- THE J.O.M. - TITLE IV TRANSFER DOES NOT SEEM BENEFICIAL TO THE SERVICE POPULATION.

THE FUNDS PROPOSED FOR FACILITY OPERATION AND MAINTENANCE IS NOT ADEQUATE. WHEN YOU LOOK AT THE ADMINISTRATIVE CUTS AND THE CONGRESSIONAL CUTS OVER THE LAST THREE YEARS OF APPROXIMATELY 10 PERCENT AND COMBINE THE TOTAL INFLATION RATE OVER THE THREE YEARS OF 12 PERCENT THE SCHOOLS ARE BEING ASKED TO SPEND $.78 ON O & M COSTS IN FY 87 WHEN THE ACTUAL COSTS WILL BE $1.12 WHEN COMPARED TO FY 84.

THE CONSTRUCTION LINE ITEM REQUEST FOR EDUCATION IS INADEQUATE BECAUSE IT IS -0-. WHEN NO FUNDS ARE REQUESTED IN FY 86 AND FY 87 IT INCREASES THE BACKLOG. THE UNHOUSED STUDENTS WILL CONTINUE TO BE EDUCATED IN OVERCROWDED, DELAPIDATED, AND ENVIRONMENTAL UNSAFE SCHOOL FACILITIES. EVERY YEAR A NEW SCHOOL IS NOT BUILT, IT INCREASES THE COST BY AT LEAST 5 PERCENT AND IN THE LONG RUN BY 100 PERCENT. I REMEMBER WHEN WE FIRST REQUESTED CONSTRUCTION FUNDS AT ST. FRANCIS INDIAN SCHOOL IN 1974, WE WERE ASKING FOR APPROXIMATELY $3,000,000. THIS YEAR THE B.I.A. ESTIMATES A FACILITY TO MEET THE NEEDS OF ST. FRANCIS INDIAN SCHOOL WILL COST AROUND $10,000,000.

THE 23 PERCENT DECREASE IN FACILITY IMPROVEMENT REPAIR WILL INCREASE THE $400,000,000 BACK LOG. STUDENTS IN EXISTING SCHOOL WILL CONTINUE TO BE EDUCATED IN UNSAFE FACILITIES.

AS OF THE DATE OF THIS WRITING, THE TRIBAL SCHOOLS DO NOT HAVE ALLOCATIONS (FY 86) FOR THE I.S.E.F., CONTRACT SUPPORT AND OPERATION AND MAINTENANCE. WE ARE 45 PERCENT INTO THE FISCAL YEAR AND 60 PERCENT INTO THE SCHOOL YEAR. I DON'T THINK WE CAN BLAME TRIBAL SCHOOL CONTRACTORS FOR ANYTHING WHEN THEY ARE UNABLE TO PLAN BECAUSE THE FEDERAL GOVERNMENT DOES NOT MEET THEIR CONTRACTUAL OBLIGATIONS. A WAY TO REMEDY THIS IS FORWARD FUNDING OR AT LEAST ADVANCE FUNDING WHICH IS AUTHORIZED IN P.L. 99-89.

Mr. **Taylor**. I don't have any specific questions for you, but I think Jane Wrenn does.

Ms. **Wrenn**. Basically one question: The Bureau of Indian Affairs in its budget justification normally includes requests for any appropriations language or bill language. This year they have requested language which would, in fact, place a moratorium on any new contract school starts. Any school that is not currently operated by the Bureau would not be eligible to become a contract school for fiscal year 1987. As you remember, we just got out of a moratorium, Lord knows.

Do you know how many schools that would not now be run by the Bureau would be applying for contract school status in fiscal year 1987? We know of the one at Sisseton. Are there any others?

Mr. **Bordeaux**. The only other one that I know for sure is the Muckleshoots, which are in that whole process.

Ms. **Wrenn**. They are still in there?

Mr. **Bordeaux**. Yes, and I heard recently that the people at Sisseton have negotiated something, but I'm not 100 percent sure on that, either.

There is another school in Crandon, WI, that has made some initial inquiries, the tribe, and also the people out in Mt. Pleasant in Michigan have done some initial inquiries and have gone through one referendum which did not pass at that time. But, as you will remember, if you look at some of the other schools, I think one of the schools on Pine Ridge, it took them nine referendums before they actually got a school contract. But those are the ones that I know for sure where there is no Bureau-operated school in existence right now, and apparently they think the public schools are providing the services that they want.

Ms. **Wrenn**. Does the association have any stand formally on the request for a moratorium?

Mr. **Bordeaux**. We have always expressed over the last 4 or 5 years, when it was in and out and everything else, that the moratorium as proposed by the appropriation language over the last 3 or 4 years has not been in line with what 638 law and regulations say with regard to contracting education programs.

If I remember correctly, 638 basically says if you want to contract a contractable program, you should go to the Bureau. When that application is filled, and as long as you meet all the timelines and the guidelines and everything else, there are no restrictions on that moratorium.

I think it is the same old thing of the Federal Government not wanting to get any more expenses in regard to Indian education, so they are going to stick the moratorium on or issue regulations that are going to make it so tough that nobody is going to be trying to work toward that end, anyway.

Ms. **Wrenn**. OK. Thank you, Roger.

Mr. **Bordeaux**. Thanks.

Mr. **Taylor**. Thanks very much.

Our next panel is the American Indian Higher Education Consortium, Phyllis Howard, secretary, from Sisseton, SD, accompanied by John Forkenbrock.

STATEMENT OF PHYLLIS HOWARD, SECRETARY, AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM, SISSETON, SD, ACCOMPANIED BY JOHN FORKENBROCK

Ms. HOWARD. Thank you. I almost lost my voice sitting back there all day.

I am presenting testimony this afternoon on behalf of the American Indian Higher Education Consortium. I am currently the president of the Sisseton Wahpeton Community College, serving the Sisseton Sioux tribe in South Dakota.

I have four major points that I want to express today, and this is sort of summarizing the testimony that I have.

As you know, the Higher Education Consortium, or AIHEC, as we call it, is the only organization which represents tribal community colleges. The organization has been doing a fairly great job, I guess, in that what it does, it provides a structure for these 21-member colleges and assists them to cooperate in higher education for the need of American students.

The first point that I would like to bring to your attention is that every year since 1981, in which the tribally controlled Community College Act was passed, the colleges have increasingly witnessed an increase in FTE. Every year when we go to funding, we find that the Bureau of Indian Affairs has decreased that FTE amount considerably. So the funding and the appropriation—we have seen a decrease in that amount.

Last year, just to give you a figure, in 1985 there was 2,853. This was using the old method of counting the Indian students and shouldn't be confused with, I guess what they call, the new method, which is the Indian student count under Public Law 98-192. This academic year for the title I schools our enrollment was 2,912.

Although we should a steady increase in FTE, the overall cost for the FTE's in the Bureau's budget has continually decreased. Within my testimony I show from 1981 to 1987 the decrease in the amount per FTE.

The second thing that I would like to briefly say that in the 1986 appropriations the title I colleges received a $500,000 increase. However, because of the decrease in the total appropriations, the overall college funding was reduced from $11.4 to $11.3 million, and the Gramm-Rudman will further reduce this amount for this current year.

The third is for the fiscal year 1987. We submitted by the administration, it will request the 1985 level for 1987. The 1985 level is 6.9. As we look at it, we are requesting close to $9.3 million, and we are estimating that our FTE figures in 1987 will be close to 3,100 for all of the colleges.

The fourth point which I would like to bring to your attention is the Bureau has requested that each college pay an accreditation. Since, I guess, the late seventies, we have been working quite hard in order to get our colleges accredited. Currently we do have eight colleges who are what we call fully accredited. If you count De Nado, that's nine. We have five colleges that are candidates for accreditation, and the remaining are making strides toward becoming accredited institutions.

The Bureau of Indian Affairs, through their administrative decisions, they interfere and they make noneffective all of the policies and the practices which are required by these accreditation agencies. I heard this morning about quality education—that the colleges are not providing quality education. We have to go through all of the criteria which is imposed upon us by the regional accreditation agencies, so we do, in effect, provide that quality education in order to become fully accredited and candidates for accreditation.

The Interior inspector general audit report stated that the FTE count which was submitted by the colleges was extremely accurate; however, the Bureau's budget shows that a projected fiscal year enrollment would only be 2,742 FTE's, which is less than what we have for this fall count. There will be a reduction, then, of about 170 or close to 200 FTE's from what the fall 1985 enrollment shows. This would be at least a 15-percent reduction overall.

The other thing that the IG audit report stated was there were problems, and those were mentioned this morning, too, in the administration's testimony, and these problems were that we're counting the hours of the students who are not high school graduates nor GED completions. The other thing they cited was the counting of students who do not maintain a C average, and, three, counting the students who do not attend classes regularly.

The findings with the inspector general's report and the subsequent conclusions offered by the Bureau completely avoid the efforts the colleges as making toward accreditation. In effect, the efforts toward meeting the criteria for accreditation are nullified by the Bureau's administrative decisions, and these decisions are put into regulations. I would like to address those three specifically because it points out some of the things that we go through.

To my knowledge, no college credit course work leading toward GED is counted. All of the college catalogs—and we go through these with our candidacy and our accreditation—the catalogs list specifically the admission requirements, and you must have a GED or you must have a high school diploma. We do have students who are enrolled in the GED programs, but because of their ability they sort of cross over and they take the college courses. So those courses and credits are counted in the FTE tabulations. We don't count that GED at all.

Nos. 2 and 3 are sort of lumped together because they sort of both address the same thing. We always have students who are either, one, not making satisfactory progress or, two, are not attending classes regularly. All of the college students at the tribally controlled colleges do not progress at the same rate. As you know, in any other institution you have students who take less hours, students who are not fully prepared academically, even though you're in a traditional institution. Some will have difficulty, we feel, and some will not make it, and those people sort of eliminate themselves.

We don't cast out each student that's having difficulty. What we do is refer them to the foundations programs, and the foundations programs that we have at each school work with the students in order to prepare them better so that they can start their college level work at the level at which they should be.

We encourage counseling. We also look toward finding ways to assist these students with their new foundation programs which each one of the colleges have.

A lot of the students come to our schools really academically unprepared, and really it's no fault of the colleges. It's the educational system which we go through. They just don't prepare students to read textbooks or to write adequately, or even the social factor is also missing.

Each of the colleges addresses the student progress in many different ways, but all conform to the standards of these national accrediting associations. We feel that neither the inspector general nor the BIA have has any business making arbitrary decisions concerning the definition of student progress. They don't have the academic professional understanding of the subject, we feel.

Howard University, which is located in the District of Columbia—and I like to make this point because I haven't seen any language imposed in the Appropriations Committee that funds Howard University, and they do fund Howard with millions of dollars every year. There isn't any language in the Appropriations Committee or in the bill concerning a definition of student progress or even student class attendance, and this is because Howard is an accredited institution, it's a university, and because the Department of Education has enough sense to recognize that higher education has certain institutional integrity when they go to define their student progress and student attendance.

The effect of cutbacks for the tribal colleges would seriously affect their accreditation process, because for those that are already fully accredited it would mean cutting back some of their programs, and then it would mean that they would have to go the regional accrediting associations and have another visit, which would get them back through the cycle again.

If you look at those schools that are candidates, we have to put a plan in for the next 3 to 5 years. Some of us that are just now going through that process would have to go back and redo our self-studies because we've now focused on certain programs, and every time you make a change in your program, a change in your mission, you have to go back through the process again. For those of us who are in this that are going to feel the cuts and the reductions in funding, we would have, then, to rely or go back and cut the personnel, which means cutting back the support staff, our administrative staff, and finally the faculty; the academic programs—we have to cut back on some of the degree programs. Again, that gets us back into a whole cycle with the accrediting associations.

Some of the schools have district centers. They definitely would have to close those centers, cut back on their faculty, cut back on new and replacing equipment, and so on.

What we are asking is that our students not be funded for any less than 3,000. The original bill called for funding our students at 4,000 per FTE. We've never really reached that figure, but now what we're saying is we cannot operate our schools on anything less than 3,000 per FTE. We're requesting that the committee take a look at the funding for fiscal year 1987 and fund our students at the level of 3,000, and that would bring our total, then, up to 9.3 for fiscal year 1987, which is for the title I schools.

I haven't addressed Navajo Community College because I believe they will be submitting written testimony for their school.

That concludes my testimony.

[Ms. Howard's prepared statement, on behalf of the American Indian Higher Education Consortium, follows:]

PREPARED STATEMENT OF THE AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

Presented by Phyllis Howard
President of the Sisseton Wahpeton Community College
Senate Select Committee On Indian Affairs
February 18, 1986

Mr. Chairman, Members of the Committee, Thank you for the privilege of appearing before you. I am President of the Sisseton Wahpeton Community College serving the Sisseton Sioux Tribe in South Dakota. I am here today to present testimony on behalf of the American Indian Higher Education Consortium. Membership is comprised of five colleges in Montana, five in North Dakota, four in South Dakota, and one each in Arizona, California, Nebraska, Washington and Wisconsin.

The American Indian Higher Education Consortium (AIHEC) is the only organization representing tribal community colleges. These Tribally Controlled Community Colleges are chartered by their respective tribes for Native Americans pursuing post-secondary education. AIHEC provides a structure for these 21 colleges and assists them to cooperatively promote higher education for Indians.

The 3,750 full time students at the tribal colleges have varying goals. Many of the tribal college graduates go on to pursue baccalaureate degrees at four-year colleges while others put their education to work in the job market after graduation.

The need for tribally controlled community colleges can be statistically proven. To illustrate this point a 1980 study conducted in North Dakota found that approximately 90% of the Native American students who directly entered a four-year institution, after high school, failed to graduate. Conversely, this study also found that 86% of the tribal college graduates that transfer to four-year colleges complete their education.

Tribally Controlled Community Colleges Act funds have profoundly impacted the accreditation process for the tribal colleges. Today 9 of the 19 tribal colleges are fully accredited, 5 are candidates for accreditation and the other 5 are making great strides forward in the accreditation process.

In 1981, the U.S. Congress initially appropriated $5,095,000 to fund the Tribally Controlled Community College Assistance Act of 1978. Today, although the federal government funds about 48% of the budget for an average AIHEC community college, these schools face financially difficult times unless they can find other sources of money.

The U.S. Congress remained the largest partner in Native American education in 1986 appropriating after Gramm-Rudman just over $7 million for the tribal colleges. Navajo Community College, the largest of the AIHEC schools receives a separate appropriation of approximately $3.7 million. While the total government funding is increasing, the support for individual students has gone down 20 percent because of increased enrollment. Since 1981, enrollment has increased 67% increasing the demands on the budget of these tribal colleges.

In the face of federal budget cuts and diminishing tribal resources AIHEC colleges are seeking support from private donors. The work has just begun and we are hopeful that the future will bring private dollars to colleges through the American Indian College Fund. The fund which was just established in 1985 serves as the vehicle by which the colleges are reaching out to the private sector. In time we are hopeful that it will make our member colleges less dependent on federal funding which will satisfy many of our critics.

The progress of the tribal colleges has been phenomenal in the accreditation process. Beginning in 1987 through 1990 five of the tribal colleges will be seeking to become fully accredited institutions. In 1987, two tribal colleges will undergo comprehensive evaluations for accreditation from the North Central Association of Colleges and Schools. The remaining three tribal colleges will schedule their comprehensive evaluations within the next three years.

There has been an increase in the Native American students pursuing post-secondary education while the financial support has decreased. The full-time Native American student count has increased approximately 65% since 1981. The numbers of Indian graduates from

1973 to 1985 total 1,000 or more. The full-time Indian student count in 1984-85 (this is using the old method of counting students and should not be confused with the new ISC method under P.L. 98-192) academic year was 2,853. The 1985 fall enrollment for Title I colleges was 2,912. Although the colleges have shown a pattern of steady growth, the overall cost per FTE within the Bureau of Indian Affairs budget has continuously decreased.

FUNDING HISTORY / PER FTE BASIS

FY '81	FY '82	FY '83	FY '84	FY '85
$3100.00	$2826.00	$2865.00	$2506.00	$2436.00

FY '86	FY '87
[1]$2367.00	[2]$2180.00
	[3]$1700.00

[1] This is an approximation based on 3,000 FTE's

[2] This is an approximation based on 3,100 FTE's

[3] This figure is based on a 22% cut in the fall of FY '87 as a result of automatic cuts imposed by Gramm-Rudman.

With regard to fiscal year 1986 appropriations Title I colleges received $500,000 increase. However, the total Interior Appropriations bill was then subject to a .06% of 1% cut. The overall tribal college funding subsequently was reduced from $11,403,000 to $11,335,000. (This includes Title I, Title II and Technical Assistance). Gramm-Rudman then effected that total by reducing the overall tribal college line items, i.e. Title I, Title II and TA. It appears that the Bureau did not reduce each line item separately. If that would have occured the totals should have read:

Original FY '86 Appropriation		Minus .06/1%	Minus 4.3%
Title I	$7,450,000	$7,445,530	$7,103,036
Title II	$3,837,000	$3,834,698	$3,658,302
T/A	$ 116,000	$ 115,304	$ 110,000

The 4.3% cut across the board brings the FY '86 funding to almost the exact amount it was funded in FY '85. It is safe to approximate that no matter what formula for determining funding is used the FY '86 funding level will be:

Title I	$7 million
Title II	$3.6 million
T/A	$110,000

The Fall FY '86 count taken in October,1985 reached 2,912 FTE's in Title I colleges. FY '85 final count was 2,853 FTE's. The dollars per FTE totalled: $2436.03. The final FY '86 funding per FTE if 3,000 FTE's are achieved will approximate $2367.67. A reduction from FY '85 funding of $68.36 per FTE. Further, for fiscal year 1987 appropriations, the amount per FTE could be reduced even further should Gramm-Rudman call for further cuts.

The proposed FY '87 budget as submitted by the Administration will request the FY '85 level for FY '87. Based on 3,200 FTE's in FY '87 this would bring the dollar level per FTE down to $2,180 per FTE for the Title I colleges. Gramm-Rudman cuts for FY '87 have run as high as 22%. This would reduce FY '87 funding to near $1700.00 and could possibly close as many as 4 of our current tribal colleges --those who are the newest and the smallest.

While the Bureau of Indian Affairs requires that the colleges obta accreditation, administrative decisions are made which interfere and make non-effective the policies and practices required by the accreditation agencies.

The recent Department of the Interior Inspector General audit report stated that the FTE Count Data submitted by the colleges to the Bureau was extremly accurate. The Bureau's budget however, shows a projected FY '87 enrollment of 2,742 FTE's, a reduction of 170 FTE's from what the 1985 Fall enrollment was for the Title I colleges (2,912). AIHEC projects the final FY '87 FTE enrollment to be approximately 3,000 FTE's and would project FY '87 to be near 3,200 FTE's. The Bureau bases the loss in FTE's on 3 problems stated in the report.

These problems were:

1) Counting of hours of students who are not high school graduates nor GED completions;
2) Counting of students who do not maintain a "C" average; and
3) Counting of students who do not attend classes regularly.

The Bureau estimates that when those students identified in 1-3 above are eliminiated from the FTE count, the number of FTE's will be reduced 15%.

Mr. Chairman, the findings of the Inspector General Report and the subsequent conclusions offered by the Bureau to address this Report completely ignore the efforts the colleges are making toward accreditation. In effect the efforts toward meeting the criteria for accreditation are nullified by the BIA administrative decisions.

I would like to address each one of these areas:

1) Counting hours of students not having a high school diploma or a GED. Mr. Chairman, to my knowledge no college counts course work leading to a GED. All of our college catalogues require that admission is contingent on a high school diploma or a GED. We do have students who are enrolled in GED programs who because of ability are directed toward taking additional hours which count toward a certifiable degree or program. These college credits are entered into the formula for FTE tabulations. This does not seem unreasonable. It certainly does cost the college to provide the course work.

2 & 3) Counting the hours of students who either (1) are not making satisfactory progress or (2) are not attending classes regularly.

The whole idea of the BIA using an Inspector General Audit Report to write regulations to address a matter which is a part of each institutions's own enrollment policy seriously threatens the integrity of higher education and the accreditation processes each of our institution's pursue. We have 9 colleges who are fully accredited bynational accrediting agencies, 5 more have attained candidacy. Each of these institutions along with our newer colleges who are preparing for candidacy status have standards written in catalogues regulating satisfactory progress and class attendance.

Not all students progress at the same rate. Some will have difficulty. Some will not make it. We do not however, cast-out each student as soon as he/she faces an experience with failure. We place that student on academic probation. We encourage counseling and we look toward finding ways to assist these students with our own remedial/foundation programs. Remember, we do not have a Harvard or Penn State student body make-up. To disallow a college from counting hours of students who fall below a 2.0 grade point will discourage our colleges from using remedial/foundation programs. This will deny students the opportunity to bring their grade point up to an acceptable level.

Each of our colleges address the problems of student progress in their own way, but all conform to the standards of national accrediting institutions. Neither the Inspector General nor the BIA have any business making arbitrary decisions concerning the definition of student progress. They do not have the academic professional understanding of the subject.

Mr. Chairman, you sit on the Senate Appropriation Committee. You know that each year the Health and Human Services, Labor & Education Appropriation Subcommittee appropriates millions of dollars for Howard University located right here in the District of Columbia. I havenot seen any language imposed by the Appropriations Committee nor the Department of Education on Howard University concerning a definition of student satisfactory progress or student class attendance. That is because Howard University is an accredited University and because the Department of Education has enough sense to recognize higher education institutional integrity. It would do the Bureau of Indian Affairs well to learn a little from the Department of Education. We would request this Committee to support the AIHEC claim for institutional integrity.

Mr. Chairman, I should add that Navajo Community College will be submitting written testimony which will address those problems which are unique to NCC, the largest of the tribal colleges. With that final comment I will close and will respond to any questions which the Committee may have.

Mr. TAYLOR. I have no questions.

Ms. WRENN. My understanding is that the concerns that were raised by the inspector general's report, which as you stated found nothing wrong legally with the way your count came out but had some concerns and some recommendations; that those recommendations regarding the satisfactory performance, the nonhigh-school, non-GED attendance, and the general attendance of students will be part of the regulations governing the Indian student count, which was the new way to count as authorized by the reauthorization of the Tribal College Act a couple of years ago. Have you seen a draft of the regulations regarding Indian student count that the Bureau says is almost ready? Of course, they've said that for the last 2 years, also. Have you seen them?

Mr. FORKENBROCK. We haven't seen a draft since probably early last summer at the latest. It has gone through a couple, two or three, additional drafts since that point.

Ms. WRENN. Has AIHEC been given any opportunity to have input on the regulations governing Indian student count, formal input?

Mr. FORKENBROCK. Initially, after 192 was first passed in December of 1983, there was a task force that was formed by the colleges to work with the Bureau's Office of Post-Secondary Education. At that time Mr. Ed Milifi was running that program.

We made two or three trips to Washington. By the same token, Mr. Milifi made a couple of trips to the field, and we worked on draft regs which were completed and which were——

Ms. WRENN. Lost in the bowels of the Bureau, as the chairman always says?

Mr. FORKENBROCK. Exactly. You put it better than I. That is correct.

I do understand, though, that Dr. Whiteman has requested that perhaps a group of the college presidents come into town sometime in the next couple weeks to 3 weeks and sit down to look at the latest draft, or whatever she may be looking at on her desk at this point. But during the last 12 months there's been absolutely no communication whatsoever.

Ms. **Howard**. So it has been like 2½ years, and there has been no regulation for the new——

Ms. **Wrenn**. I know, which has been the Bureau's reasoning why they never asked for forward funding also; yes.

Ms. **Howard**. Right.

Ms. **Wrenn**. The chairman goes round and round on that every year.

Ms. **Howard**. One of the other things which I didn't mention was that—and it's in the testimony—in 1985 the colleges formed the American Indian College Fund, which is seeking private money to set up endowments for the colleges, but we don't feel that there will be any distribution for the next 5 years because we are looking at a high figure to raise money. Endowments in the new law would certainly help us along the way, and that is part of the new regulation.

Ms. **Wrenn**. One last question: The Bureau in its budget justification as well as this morning continually refers to the inspector general's report, and that is their basis for giving you the count of 27-whatever FTE projection for 1987 rather than even 2,912 or the 3,100 that you estimate. Has there been any chance given to AIHEC to formally respond to those concerns and questions about how you should or should not be counting your students by the Bureau? They seem to constantly refer to it. Have they come to AIHEC and asked them to respond to these concerns in writing?

Ms. **Howard**. No.

Ms. **Wrenn**. Have they asked you to respond to them in a meeting?

Ms. **Howard**. No.

Ms. **Wrenn**. They don't talk to you? OK.

Mr. **Taylor**. Thank you very much for your testimony.

Our next panel is the National Advisory Council on Indian Education, Michael Stepetin, chairman, from Portland; accompanied by Grace Goodeagle, vice chairwoman, from Washington, DC, and Louis Bruce, a member of the council.

Mr. Stepetin, we are kind of moving along here. I understand you have a fairly lengthy statement. If you could summarize, it would be appreciated.

First, let me say hello to my good friend Louis Bruce, who used to be my boss. [Laughter.]

STATEMENT OF MICHAEL L. STEPETIN, CHAIRMAN, NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION, PORTLAND, OR, ACCOMPANIED BY GRACE GOODEAGLE, VICE CHAIRWOMAN, WASHINGTON, DC; AND LOUIS BRUCE, MEMBER OF THE COUNCIL, ARLINGTON, VA

Mr. Stepetin. Mr. Chairman, members of the U.S. Senate Select Committee on Indian Affairs, I thank you for the opportunity to appear today. I am here on behalf of the National Advisory Council on Indian Education, known as NACIE.

The council, as mandated in Public Law 92-318, the Indian Education Act of 1972, as amended:

> . . . shall advise the Secretary of Education with respect to the administration [including the development of regulations and of administrative practices and policies] of any program in which Indian children or adults participate from which they can benefit . . . and with respect to adequate funding thereof;

The council is shocked and opposed to the apparent disregard for our advisory role in the development of proposed changes in the structure of Indian education. If NACIE's advisory role is neglected, it will lose its federally mandated role in forming the policies that directly affect the Indian constituency of the United States.

Today we're testifying about proposed fiscal and programmatic changes in the structure of Federal Indian education programs, as prepared by the Office of Management and Budget, the Education Department, and the Department of the Interior. The lack of consultation between these Federal entities and NACIE is in direct conflict with our earlier stated mandate. The council must be involved prior to the drafting of all proposed fiscal and program changes that directly affect Indian education.

Upon examination of the proposed fiscal year 1987 budget for the Department of Education's Indian Education Programs Office [IEP] and the Department of the Interior-Bureau of Indian Affairs Office of Indian Education Programs [OIEP] budget, it is apparent that the proposed restructuring and reprogramming will seriously alter the original intent of Public Law 92-318, the Indian Education Act, as amended, and Public Law 93-638, the Indian Self-Determination and Education Assistance Act.

The Department of Education's proposed fiscal year 1987 budget for Indian education includes: One, the merging of title IV, part A, and the Johnson-O'Malley Program into block grants to be administered by the States; and, two, transferring the Education Department's title IV, part B, to the Interior Department.

NACIE is concerned that the Office of Management and Budget, Department of Education, and the Department of the Interior are directing Indian education policies through administrative and budgetary channels, rather than through the proper channels that incorporate Indian people's decisions.

At this time, NACIE is opposed to any legislative proposals that would bring about any restructuring of Public Law 92-318. The proposed merger of title IV, part A, and the Johnson-O'Malley Program that would be implemented through block grants to the States is an Indian concern that deserves careful study. We do not know if all States are equipped to handle Federal Indian education programs.

In addition to the block grant issue is the transference of title IV, part B, services to the Department of the Interior. Transferring title IV, part B, to the Interior Department would seriously disrupt funding continuity as the Indian student constituency served by the Interior Department is much different than the students served by the Education Department.

NACIE will comment further when the proposed Indian education bill associated with these changes is introduced in Congress and hearings are held.

It also concerns NACIE that there has been no consultation between the tribes, pertinent Federal agencies, and the States prior to the proposed fiscal year 1987 fiscal and program changes. The benchmark for insuring consultation between the tribes and the Federal Government prior to legislative and/or budget proposals is Public Law 93-638, the Indian Self-Determination and Education Assistance Act.

Indian people acknowledge the legal and political relationship that has existed between the U.S. Government and the Indian tribes for almost 200 years, as substantiated by treaties, Federal laws, judicial decisions, and executive orders. NACIE upholds this legal and political relationship and feels that the proposed changes violate this agreement.

To this day, there are Indian programs in this country that are in extreme need of financial assistance; they will suffer greatly from the proposed 4.3-percent cut scheduled for fiscal year 1986. The council is aware of the current need to reduce the Federal deficit and the resulting austerity in allocating Federal moneys. In general, we support these fiscal policies, but the continuation of current Indian education programs operated by the Federal Government, which have helped to improve the overall level of Indian education, is essential.

NACIE strongly supports the continued funding and programmatic continuity of all Federal Indian education programs operated by the Department of the Interior-BIA, and the Department of Education, as they operate within the trust responsibility between the Federal Government and Indian tribes.

NACIE recommends: First, that Public Law 92-318, the Indian Education Act of 1972, as amended, remain intact until there is evidence that any changes in program services and administrative services and procedures are justified;

Second, that the Department of the Interior continue to provide Johnson-O'Malley [JOM] services through its Office of Indian Education Programs, being that the JOM Program has not changed and is still a vital educational service to American Indians;

Three, that any proposed movement of funds and programs insure the preservation of the specific, unique characteristics of each respective program in the Department of Education and the Department of the Interior;

Four, that Congress impress upon the Department of Education and the Department of the Interior to consult with NACIE in matters that affect the quality of Indian education;

Five, that Congress impress upon the Department of Education and the Department of the Interior to have thorough and extensive consultation with the American Indian and Alaska Native constituents before there are any changes in the structure of Federal Indian education programs; and,

Six, that NACIE continue its lead responsibility for gathering information, coordinating assistance from national Indian tribes and organizations with interests in education, and developing specific recommendations to be used in drafting legislation for all Federal Indian education programs, and that the NACIE budget be funded at a level sufficient enough to meet our congressional mandates.

[Mr. Stepetin's prepared statement, on behalf of the National Advisory Council on Indian Education, follows:]

TESTIMONY

to

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS
SD-628 Dirksen Senate Office Building
Washington, DC 20510

February 18, 1986

by

NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION
Michael Stepetin, Chairman

accompanied by

Grace Goodeagle, Vice Chairperson
Louis Bruce, Council Member

National Advisory Council on Indian Education
2000 L Street NW, Suite 574
Washington, DC 20036

Mr. Chairman, members of the United States Senate Select Committee on Indian Affairs, I thank you for the opportunity to appear today. I am here in behalf of the National Advisory Council on Indian Education (NACIE).

The Council, as mandated in P.L. 92-318, "The Indian Education Act of 1972," as amended, Sec. 442 (b)(1):

> ...shall advise the Secretary of Education with respect to the administration (including the development of regulations and of administrative practices and policies) of any program in which Indian children or adults participate from which they can benefit ... and with respect to adequate funding thereof; (See Appendix A)

The Council is shocked and opposed to the apparent disregard for our advisory role in the development of proposed changes in the structure of Indian education.

Today we are testifying about proposed fiscal and programmatic changes in the structure of federal Indian education programs, as prepared by the Office of Management and Budget, the Education Department and the Department of the Interior. The lack of consultation between these federal entities and NACIE is in direct conflict with our earlier stated mandate. The Council must be involved prior to the drafting of all proposed fiscal and program changes that directly affect Indian education. If NACIE's advisory role is neglected, it will lose its federally-mandated role in forming the policies that directly affect the Indian constituency of the United States.

Upon examination of the proposed FY'87 budget for the Department of Education's Indian Education Programs Office (IEP) and the Department of the Interior-Bureau of Indian Affairs' Office of Indian Education Programs (OIEP) budget it is apparent that the budget goes beyond purely fiduciary concerns and that the structures of these programs have been seriously altered from their original intent, as found in P.L. 92-318, as amended, and P.L. 93-638. The Department of Education's proposed FY'87 budget for Indian education includes:

> The Indian Education Act authorizes a variety of programs which address the goal of equal educational opportunity for American Indians. For 1987, the Administration is presenting its first proposal for reauthorization and restructuring of these programs.
>
> ... because Department of the Interior (DOI) education programs are based on the historic relationship between the Federal Government and Indian tribal governments, it is appropriate for Interior to administer all programs assisting the schools controlled by its Bureau of Indian Affairs or by Indian tribes. In addition, because DOI has had a longer and broader experience in administering graduate fellowship programs for Indian students, these programs should be consolidated under the Interior Department.
>
> The Department of Education would assume responsibility, now carried out under the Indian Education Act and DOI's Johnson-O'Malley Act, for assisting local educational agencies to improve educational opportunities for Indian children. This would be accomplished under

a new State Formula Grant program. The Department's assistance to Indian-controlled schools and its Indian postsecondary student assistance activities would be terminated, as these responsibilities would be consolidated under the Department of the Interior. (See Appendix B)

NACIE is concerned that the Office of Management and Budget, Department of Education, and the Department of the Interior are directing Indian education policies through administrative and budgetary channels rather than through the proper channels that incorporate Indian people's decisions. Therefore, this proposal is in direct conflict with the authority of:

a) NACIE to be involved in all matters of Indian education that affect Indian students (P.L. 92-318); and
b) the right of Indians for self-determination in education (P.L. 93-638).

At this time, NACIE is opposed to any legislative proposals that would bring about any restructuring of P.L. 92-318, "The Indian Education Act of 1972," as amended [Title IV] . The proposed changes stated earlier call for Title IV components operated by the Education Department to be transfered to the Department of Interior; more specifically, (1) the actual merger of Title IV, Part A and the Johnson O'Malley (JOM) into block grants to be administered by the States, and (2) transfering the Education Department's Title IV, Part B to the Interior Department. Last year this Council presented testimony to the U.S Congress supporting the non-duplication services of Title IV, Part A and the JOM Program. (See Appendix C) We continue to support that testimony. How will the proposed movement of funds and programs preserve the specific, unique characteristics of each respective program? [1]

The implementation of these block grants to the States is also an Indian concern. In the area of education, not all States have Indian education, nor do they want them. In our 11th Annual Report to the Congress, there is a breakdown of where funds are being allocated. (See Appendix D)

In addition to the block grant issue is the transference of Title IV, Part B services to the Department of Interior. Transfering Title IV, Part B to the Interior Department will seriously disrupt funding continuity as the Indian student constituency served by the Interior Department is much different than the students served by the Education Department. NACIE will comment further when the proposed Indian education bill associated with these changes is introduced in Congress and hearings are held.

It concerns NACIE that there has been no consultation between the tribes, pertinent federal agencies, and the States prior to the proposed FY'87 fiscal and program changes.

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1. "Education Amendments of 1984", House Rept. 98-748, p. 30, "The IEA [Indian Education Act of 1972, as amended] is unique in reaching all these problems areas. No other Federal education program serves Indians from Federally recognized tribes, State recognized tribes, non-recognized tribes or groups, terminated tribes, and urban groups. The Committee also notes that, if the IEA were eliminated, other Federal education programs would not adequately compensate for the loss."

The benchmark for insuring consultation between the tribes and the Federal government prior to legislative and/or budget proposals is P.L. 93-638, "Indian Self-Determination and Education Assistance Act". This Federal trust responsibility to Indian education is most explicit in the opening language of this Act:

> The Congress hereby recognizes the obligation of the United States to respond to the strong expression of the Indian people for self-determination by assuring maximum Indian participation in the direction of educational as well as other Federal services to Indian communities so as to render such services more responsive to the needs and desires of those communities.

Indian people acknowledge the legal and political relationship that has existed between the United States government and the Indian tribes for almost 200 years. The treaties, federal laws, judicial decisions and executive orders have substantiated this relationship. NACIE upholds this legal and political relationship and feels that the proposed changes violate this agreement.

Council members have been contacted from around the country asking for explanations of the proposed fiscal and legislative changes in programs that directly affect the education of Indians. NACIE responds to Indian country. Most recently this Council presented our 11th Annual Report to the Congress of the United States. Included in this report is a statement on the continuance of current Federal Indian education programs:

> Judging by the details of the Title IV public hearing reports, public testimony by Indians, and related supportive information, the Congress of the United States and the Administration definitely should continue to authorize educational services sponsored under statutes such as P.L. 92-318, as amended. These indications strongly support the need of continued Indian education activities and programming. (See 11th Annual Report, p. 5)

To this day, there are Indian programs in this country that are in extreme need of financial assistance; they will suffer greatly from the proposed 4.3% cuts scheduled for fiscal year 1986. The Council is aware of the current need to reduce the Federal deficit and the resulting austerity in allocating Federal monies; in general we support these fiscal policies. But the continuation of current Indian education programs operated by the Federal Government, which have helped to improve the overall level of Indian education, is essential.

NACIE strongly supports the continued funding and programmatic continuity of all federal Indian education programs operated by the Department of the Interior-Bureau of Indian Affairs and the Department of Education. The continuation of these programs as they operate within the trust responsibility between the Federal government and Indian tribes.

NACIE was not appraised of the proposed fiscal year 1987 budget and program changes until after the President presented his budget on February 5, 1986. NACIE did not obtain a copy of the Department of Education's FY'87 budget proposal for Indian education until February 10, 1986. More substantive data supporting our concerns can be supplied at a later date.

To reiterate, NACIE recommends:

1. That P.L. 92-318, "Indian Education Act of 1972," as amended, stay as it is until there is evidence that any changes in program services and administrative services and procedures are justified;

2. That the Department of the Interior continue to provide Johnson O'Malley (JOM) services through its Office of Indian Education Programs. JOM has not changed, and NACIE reiterates its support of JOM as vital to educational services for American Indians;

3. That any proposed movement of funds and programs insure the preservation of the specific, unique characteristics of each respective program in the Department of Education and the Department of the Interior;

4. That the Congress impress upon the Department of Education and the Department of the Interior to consult with NACIE in matters that affect the quality of Indian education;

5. That the Congress impress upon the Department of Education and the Department of the Interior to have thorough and extensive consultation throughout Indian country for comments by the Indian constituents before there are any changes; and

6. That the NACIE continue its lead responsibility for gathering information, coordinating assistance from national Indian tribes and organizations with interests in education, and development of specific recommendations to be used for developing legislation having impact on Federal Indian education policy.

NACIE concludes this testimony with a quote from, "A 'Working Paper' Prepared for the National Advisory Council on Indian Education," by Mr. Kurt Blue Dog, Attorney, Native American Rights Fund, July 7, 1979:

> The historical involvement of the Federal Government in the education of the American Indian, however, has always carried with it one clear and consistent underlying theme: the Federal Government has both explicitly and implicitly acknowledged that there is a Federal responsibility to Indian education. This Federal responsibility to Indian education is as important to the contemporary Indian as it was to his ancestors. The continued acknowledgement of the Federal responsibility to Indian education will provide the foundation of the Indian society as it moves forward to meet and accept new challenges.

Appendix A
From NACIE 10th Annual Report

NACIE FUNCTIONS

The Council shall advise the Congress and the Secretary of Education with regard to programs benefiting Indian children and adults. More specifically, the Council shall:

1. Submit to the Secretary a list of nominees for the position of Director of Indian Education Programs;

2. Advise the Secretary of Education with respect to the administration (including the development of regulations and of administrative practices and policies) of any program in which Indian children and adults participate from which they can benefit, including Title III of the Act of September 30, 1950 (P.L. 81-874) and Section 810; Title VIII of the Elementary and Secondary Education Act of 1965 (as added by Title IV of P.L. 92-318 and amended by P.L. 93-380), and with respect to adequate funding thereof;

3. Review applications for assistance under Title III of the Act of September 30, 1950 (P.L. 81-874), Section 810 of Title VIII of the Elementary and Secondary Act of 1965 as amended, and Section 314 of the Adult Education Act (as added by Title IV of P.L. 92-318), and make recommendations to the Secretary with respect to their approval;

4. Evaluate programs and projects carried out under any program of the Department of Education in which Indian children or adults can participate or from which they can benefit, and disseminate the results of such evaluations;

5. Provide technical assistance to local educational agencies and to Indian education agencies, institutions, and organizations to assist them in improving the education of Indian children;

6. Assist the Secretary of Education in developing criteria and regulations for the administration and evaluation of grants made under Section 303(b) of the Act of September 30, 1950 (P.L. 81-874) as added by Title IV, Part A of P.L. 92-318;

7. Submit to the Congress not later than March 31 of each year a report on its activities, which shall include any recommendations it may deem necessary for the improvement of Federal education programs in which Indian children and adults participate or from which they can benefit, which report shall include a statement of the Council's recommendations to the Secretary with respect to the funding of any such programs; and,

Appendix B
From Department of Education
FY'87 Budget

d. Indian Education
(BA in millions)

	1986		
	Enacted	Postsequestration Level	1987 Request
State grants......................	—	—	$70.3
Payments to LEA's and Indian-controlled schoools (Part A)...	$50.0	$47.9	—
Adult education..................	2.9	2.8	2.9
Special programs for Indian Students (Part B)..............	11.8	11.3	—
Program administration...........	2.3	2.2	2.5
Total..........................	67.1	64.2	75.7

The Indian Education Act authorizes a variety of programs which address the goal of equal educational opportunity for American Indians. For 1987, the Administration is presenting its first proposal for reauthorization and restructuring of these programs. Development of this legislative proposal has been guided by the following major concerns:

- Under current statutes, the Departments of Education and the Interior have overlapping responsibilities for certain areas of Indian education. A clearer delineation of responsibility between the two Departments is needed. Because the Department of Education has a major mission to help ensure equal educational opportunity to all Americans and because, at the elementary and secondary level, this mission is generally carried out through grant assistance to LEA's, it is appropriate to give the Department responsibility for assisting LEA's to improve educational opportunities for Indian children.

  Similarly, because Department of the Interior (DOI) education programs are based on the historic relationship between the Federal Government and Indian tribal governments, it is appropriate for Interior to administer all programs assisting the schools controlled by its Bureau of Indian Affairs or by Indian tribes. In addition, because DOI has had a longer and broader experience in administering graduate fellowship programs for Indian students, these programs should be consolidated under the Interior Department.

  In a final area of potential overlap, while both Departments administer Indian adult education programs, these programs are operationally very different and have resulted in little duplication of services. Therefore, operation of separate programs is maintained.

- Although the States have taken the lead in the improvement of education across the country, the Department's Indian education program has always been administered on a direct Federal-to-local basis. It is time that the States were given a more prominent role in the education of Indian children. Under our legislative proposal, Federal funds would flow to State educational agencies, which would be responsible for assessing local applications for funding and directing Federal resources to areas where the needs are greatest.

The 1987 budget request for Indian Education reflects these decisions. The Department of Education would assume responsibility, now carried out under the Indian Education Act and DOI's Johnson - O'Malley Act, for assisting local educational agencies to improve educational opportunities for Indian children. This would be accomplished under a new State Formula Grant program. The Department's assistance to Indian-controlled schools and its Indian postsecondary student assistance activities would be terminated, as these responsibilities would be consolidated under the Department of the Interior.

Because of the proposed reallocation of responsibilities between the two Departments, the budget request includes a $8.7 million increase for Department of Education Indian programs. However, the net effect of these policies is to keep total funding for the affected Indian education programs in the Departments of Education and the Interior at approximately the 1986 enacted level.

PRESIDENT'S BUDGET
FISCAL YEAR 1987

Dollars in Thousands

	1985 Appropriation	1986 Appropriation	Sequestered 1986 Budget Authority	1986 after Sequester	1986 Proposed Rescissions/ Supplementals	1986 Revised Request	1987 President's Budget
Indian Education							
1. Grants for Indian children:							
(a) State grants (proposed legislation)	-	-	-	-	-	-	70,323 1
(b) Payments to local educational agencies and Indian-controlled schools (IEA Part A)	50,323	50,021	-2,151	47,870	-	47,870	-
Subtotal	50,323	50,021	-2,151	47,870	-	47,870	70,323
2. Adult education (proposed legislation)	2,940	2,922	-125	2,797	-	2,797	2,940
3. Special programs for Indian students (IEA Part B)	11,760	11,809	-508	11,301	-	11,301	-
4. Program administration (IEA Part D):							
(a) Salaries and expenses	2,156	2,097	-90	2,007	-	2,007	2,180
(b) National advisory council	225	222	-10	212	-	212	286
Subtotal	2,381	2,319	-100	2,219	-	2,219	2,466
Total	67,404 2	67,071 3	-2,884	64,187	-	64,187	75,729
TOTAL, OESE	3,208,676	3,152,843	-221,573	4,931,270	-37,782	4,893,488	4,990,801

1. Includes funding previously associated with the Johnson O'Malley program of awards to public school districts (Department of Interior/Bureau of Indian Affairs). Comparable Johnson O'Malley amounts are: 1985 appropriation, $25,674 thousand; 1986 appropriation, $20,500 thousand.
2. The appropriation for this program is contained in the Interior bill.
3. The appropriation for this program is contained in the fifth continuing resolution for 1986, Pub.L. 99-190.

Appendix C
From S. Hrg. 99-142, "FY'86 Budget"

STATEMENT OF MICHAEL STEPETIN, VICE CHAIRMAN, NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION, ACCOMPANIED BY EVALU WARE RUSSELL OF OKLAHOMA; AND ROBERT CHIAGO OF UTAH

Mr. STEPETIN. Mr. Chairman, we appreciate this opportunity to represent the National Advisory Council on Indian Education, to support the Johnson-O'Malley educational assistance funding activity within the Bureau of Indian Affairs educational operations.

On my right is Evalu Russell from Oklahoma. We come from all points of our fair country. On my left, from the State of Utah, is Robert Chiago. They will have just a bit to say. I, myself, am from Portland OR, and was born in Alaska.

The council is dismayed to discover that the fiscal year 1986 Bureau of Indian Affairs' budget eliminates the Johnson-O'Malley program funding of $25,674,000. This program is essential for Indian education, and most importantly, Indian children.

The National Advisory Council on Indian Education was created under the Indian Education Act of 1972, as amended, and it is comprised of 15 American Indians and Alaska Natives appointed by the President.

The Council advises the President and the Congress of the United States on matters pertaining to the administration and operation of federally funded Indian education programs. On February 26, 1985 the Council approved a resolution requesting the continuation of the Johnson-O'Malley Act. The JOM funding is deemed essential to assist American Indians in achieving equity in educational opportunity in the United States. JOM program funds do not even begin to accommodate the needed reforms and improvements that are absolutely essential for Indian education in its efforts to keep up with current national reforms and improvements for excellence in education. This excellence in education was strongly supported by yourselves and President Reagan; also, the local communities and school boards. I had around 35 phone calls from Seattle, Portland, and Alaska concerning the JOM program, so their concerns are very deep and very real.

The National Advisory Council on Indian Education testified that title IV, part A formula grant programs or any other component of Public Law 92-318 does not replicate services provided by the Johnson-O'Malley program. The June 15, 1981 GAO report: "Local Coordination Prevents Duplication of Services at Federally-sponsored Indian Education Projects," indicates that title IV, part A and JOM funds are compatible and do enhance the quality of education for Indians. Subsequent audit reports conducted by the Department of Education, Indian Education Programs staff also substantiate this. The elimination of either of the two programs would prove catastrophic.

With that, I am going to turn over some of the numbers to our statistician, our chairman of the Legislative Committee, Mr. Robert Chiago.

Mr. CHIAGO. Thank you. We anticipate that the Bureau of Indian Affairs will say that title IV, part A is one of those programs which tend to duplicate the Johnson-O'Malley program. That is one of the reasons why we are here. It is our position that title IV, part A does not duplicate the Johnson-O'Malley program. It is important to note the fiscal year 1985 Bureau of Indian Affairs' budget justification for the JOM Program states that this program is successful.

Both programs, of course, are designed to provide for the special educational needs of Indian students. One of the other programs that we have been talking about, or at least I have heard discussed here, is Public Law 81-874, Impact Aid. We anticipate that the Bureau of Indian Affairs may also say that Public Law 81-874, Impact Aid, may be a duplication or may serve to replace Johnson-O'Malley funds. That is not necessarily the case. Johnson-O'Malley, according to our understanding, is used for basic aid in some of the schools when impact aid funds do not necessarily amount to very much or can not really do too much.

I would like to mention some of the differences, in our opinion, between title IV, part A and Johnson-O'Malley. One difference is that Johnson-O'Malley allows Indian tribes and organizations to contract through the BIA for the administration of certain of these educational programs. Title IV, part A does not provide this opportunity to Indian tribes or Indian organizations. Title IV, part A provides voluntary participation by local education agencies or school districts.

If the LEA chooses not to participate in administering an education program, then there really will not be any program. There are many cases where the LEA's have decided not to participate in the administration of title IV, part A programs. In those cases, Johnson-O'Malley has been able to complement or provide for the special educational needs of Indian students. That is one of the differences. Again, title IV, as I mentioned, goes to the LEA's, whereas Johnson-O'Malley may go to the LEA's or be administered by Indian tribes or organizations. Due to certain budgetary cuts within the last 8 years, the total budget to date for title IV programs is about $67,292,000; $50,000,323 has been allocated for title IV, part A.

It is extremely important that the Johnson-O'Malley programs continue because what is presently happening in the public schools is that Johnson-O'Malley programs are complementing Title IV programs. In some cases both programs are used to fund the salary of one staff person who is hired in the school district to provide for the needs of the Indian students. We have had the opportunity to visit a number of schools in different parts of the country and listen to testimony by the various Indian tribes, Indian organizations, and school districts. We have found that due to the limited funds available basic Indian education requires a number of programs just to have any kind of a viable educational program that meets the special educational needs of the Indian students within those areas.

Another example is someone's salary may be made up of 50 percent from title IV, Johnson-O'Malley may provide 25 percent of that salary, and that person may be working for another organization for the remainder of 25 percent. Part of the percent may possibly be from title VII, and so on just to have one full-time, quality person. It requires several sources of funds. In a number of cases we have found that some of the more qualified people have been unable to continue working for the Indian students within the school district because there are not enough funds available. So, if Johnson-O'Malley funds were cut out, we believe that it would be completely disastrous for the education of Indian students.

Many reservations have depressed economic conditions. The Johnson-O'Malley program provides educational services to Indian students on or near reservations. There are all kinds of needs on reservations. There is high unemployment and some of the other conditions that were expressed today, such as the needs in health, the needs in education, and the needs in housing. One of the things that should be realized here is, unlike some of the States and local governments, Indian reservations generally are not at the level of being able to support a tax base. Therefore, we have nothing to really come in and assume responsibility for the services that Johnson-O'Malley funds might be providing on Indian reservations.

States might have a tax base. They might be able to increase their taxes if the Federal Government does not fund certain programs. But this is not necessarily the case with Indian tribes because of their depressed economic conditions. With all the programs, the health programs, the housing programs, the other programs being cut, there is nothing to assume responsibility for these programs, as I mentioned, because of the depressed economic conditions, and the lack of a tax base.

Quality of services is another item that suffers. If you go from a full-time person to a part-time person or no person, the quality of services drops. It is very difficult finding qualified people to provide for the educational needs of the Indian students in the schools. Quantity, in some cases, with small amounts of funding that cannot do too much either. I just want to mention some of these things on behalf of the National Advisory Council on Indian Education.

We have several people here sitting behind me who are also members of the National Advisory Council on Indian Education. I will not mention all their names. I will note that we have one former Commissioner of the BIA. He supports that Johnson-O'Malley funds should be continued. He is one of the most knowledgeable and best Commissioner of the Bureau of Indian Affairs during the last 100 years or so.

Mr. TAYLOR. I think you are referring to Commissioner Louie Bruce. Louie used to be my boss on the American Indian Policy Review Commission.

Mr. CHIAGO. I think he is a sharp person, and I believe that if he supports the continuation of Johnson-O'Malley as a member of this Council, the people who are presently in there must have something wrong with them.

We also have Evalu Ware Russell, who is a member of our National Advisory Council, and she would like to say a few words also on behalf of the Council.

Mr. TAYLOR. Thank you very much.

Ms. Russell?

Ms. RUSSELL. Thank you very much. I am certainly happy to be here and very proud to be a member of the National Advisory Council for Indian Education, appointed by President Reagan.

I am here as a mother, a grandmother, and most of all as an Indian, pleading for the fact that we do need Johnson-O'Malley funds. Two weeks ago I had the first word from the State department of education in Oklahoma that Johnson-O'Malley was not included in the budget. I was appalled. I lecture all over the United States on Indian education, Indian culture. I had received a number of calls wanting to know what we knew about our program being cut in the budget. I had no reply.

Two years ago we had the title IV program inquiries. In the fall of the year the papers came in. We filled them out, sent them out from all aspects of the title IV program. The following spring we had that duplicated because they wanted to know what title IV was doing. We received nothing on Johnson-O'Malley but I am appalled at their decision cutting us out of the budget.

To me as an Indian parent, to me as an Indian who cares for the education of the youngsters, I think something is lacking. We are here to plead that this Johnson-O'Malley program be put on the budget for 1986. What are our children going to do? As I said, I am a caring person, and I know the students that we have talked to in the Anadarko, OK, area are so low after receiving this reply. This is why I wanted to say that as a member of the National Advisory Council on Indian Education I would like to report back to them, to any of the Indians across America, that JOM is still going to be on the budget for 1986.

Mr. TAYLOR. Ms. Russell, let me ask you a question or two. How many Bureau of Indian Affairs operated schools are there in the State of Oklahoma?

Ms. RUSSELL. I believe there are only two or three.

Mr. TAYLOR. My next question is, How many Indian students are there that are in the public schools in Oklahoma; a percentage?

Ms. RUSSELL. I think about 90 percent.

Mr. TAYLOR. That was just about what I thought.

Ms. RUSSELL. Yes.

Mr. TAYLOR. So this is going to hit Oklahoma like a thunderbolt.

Ms. RUSSELL. It is, but not just Oklahoma.

Mr. TAYLOR. We have a breakdown, State-by-State, which will probably become a part of this record when we publish it.

Mr. Stepetin?

Mr. STEPETIN. The benefits of the Johnson-O'Malley program are unforeseen. Due to the time element we were unable to get the exact numbers, so we will get those to your committee at a later date. As an example, because of the parent committee exposure, mom and dad and even grandfather have decided to go into basic education. Because of that they have taken the GED test. We have one 72-year-old grandmother in high school in Portland, OR, because of her involvement with her grandchildren.

You want to talk economic development? You want to talk something real? You do not build a foundation, even in a building like this Dirksen Senate Office building without first having a good foundation such as the level that the Johnson-O'Malley program deals with. You have non-Indian voter concern about this issue. This is a good program. I am amazed, after hearing last year's testimony by the Bureau, of the sudden change of face.

With that, we would like to thank you very much. Rest assured we will have hard copy for the committee in the form of figures, percentages, et cetera, for you within the next 5 days.

Mr. TAYLOR. I think we have one or two more questions.

Ms. Wrenn?

Ms. WRENN. The title IV, part A dollars requested for 1986 by the Department of Education is the exact same dollar figure as appropriated in fiscal year 1985. A number of years ago when the contract schools were disallowed from getting JOM moneys, when the Bureau determined that contract schools were ineligible for Johnson-O'Malley, we saw a great increase in the number of applications from contract schools for title IV because it was the only thing available at all then. Would you estimate that we would see a great surge in applications from new LEA's for title IV, part A, if Johnson-O'Malley goes down?

Mr. STEPETIN. Definitely.

Mr. CHIAGO. There may be not only an increase in applications but probably an increase in the amounts of the various applications.

Ms. WRENN. And thus the requested budget level for 1986 for title IV would not be adequate to keep things on an even keel?

Mr. CHIAGO. Not unless title IV was increased.

Ms. WRENN. Thank you.

Mr. TAYLOR. I think Mike has a question or two.

Mr. MAHSETKY. I have one question that maybe you may not be able to answer, but I am going to try anyway. That is, in the Bureau's justification for terminating the JOM program in 1986 there was a comment that a small portion of JOM programs provided free lunches or low-cost lunches, and I am wondering if you are aware of the extent of JOM funds used for lunches and whether or not there are acceptable alternatives to either free or low-cost lunches.

Mr. CHIAGO. We do not have those figures but I am sure the Bureau does. I would like to see their figures.

Mr. MAHSETKY. Well, in our questions we are asking them that for the record, but at the same time if you had any comments I was interested in what your comments were.

Mr. CHIAGO. We will ask our staff to provide some information on that.

Mr. STEPETIN. That was one of the numbers, the figures we wanted to make certain your committee had in that area, so we could justify it from not only one source but any other source that might enlighten us all.

Mr. TAYLOR. Thank you very much. I think it has been very helpful testimony.

Your prepared testimony will be entered in the record at this point.

[The prepared statement follows:]

STATEMENT

of

Mr. Michael Stepetin
Vice-Chairman
National Advisory Council on Indian Education

Mr. Chairman:

I appreciate this opportunity to represent the National Advisory Council on Indian Education to support the Johnson-O'Malley educational assistance funding activity in the Bureau of Indian Affairs educational operations.

We were dismayed to discover that the fiscal year 1986 Bureau of Indian Affairs' budget calls for the elimination of the J.O.M. funding of $25,674,000. This program is essential for Indian education.

The National Advisory Council on Indian Education is part of the Indian Education Act of 1972 (as amended) and is comprised of 15 American Indians and/or Alaska Natives appointed by President Reagan. The Council advises the President and the Congress of the United States on matters pertaining to the administration and operation of federally funded Indian education programs. Thus, our serious concern is about the proposed elimination of J.O.M.

On February 26, 1985, the NACIE Council passed a resolution requesting that the Johnson-O'Malley (J.O.M.) program be continued for the 1986 fiscal year. The J.O.M. funding is deemed essential to assist American Indians in achieving equity in educational opportunity in the United States. This does not even begin to accommodate the costs of the needed reforms and improvements that are absolutely essential for Indian education to keep up with the current national reforms and improvements for excellence in education that are strongly supported by President Reagan, the Congress, the states, and the local communities (tribes included).

Many of our Council members have received calls from the Indian tribes indicating how the loss of J.O.M. will adversely affect their local education programs.

NACIE conducts periodic field hearings and site visits on the various reservations and is fully aware of the importance of J.O.M. monies in the scheme of multiple federal funding in the schools that serve American Indians.

J.O.M. has promoted Indian Self-Determination and this is certainly in line with President Reagan's January 1983 Indian Policy.

NACIE testifies that the Title IV, Part A Formula Grant Program, or any other component of P.L. 92-318 does not replicate services provided by J.O.M. The June 15, 1981, GAO report, "Local Coordination Prevents Duplication of Services at Federally Sponsored Indian Education Projects," indicates that Title IV, A and J.O.M. are compatible and do enhance the quality of education for Indians. Subsequent audit reports conducted by the Department of Education, Indian Education Programs staff, also substantiates this. The elimination of either of the two programs would be catastrophic.

It is important to note the FY'85 Bureau of Indian Affairs' budget justification for the Johnson-O'Malley Program states that this program is successful. A careful review of the following budget excerpt substantiates the positive features of J.O.M.

"Supplementary Educational Assistance

> Authorization: 25 U.S.C. 13 (The Snyder Act of November 2, 1921) is the basic authority under which the Secretary provides educational and other services to federally recognized Indians. The Johnson-O'Malley Act of April 16, 1934, includes authorization of contracts for the education of Indians. The Indian Self-Determination Act of January 4, 1975, P.L. 93-638, amends the Johnson-O'Malley (JOM) Act to provide for maximum Indian participation in Indian education. The Education Amendments of 1978 dated November 1, 1978, P.L. 95-561, authorize the development of an equitable distribution formula for supplemental funds.
>
> Objective: To provide funding for supplemental programs for eligible Indian students in public schools and programs for three and four-year-old children to meet their special and unique needs as determined by contractors and local Indian education committees.
>
> Base Program ($26,000,000): Some Indian children attending public schools have special and unique needs resulting from cultural, disadvantaged economic and social backgrounds. Some State Education Departments and public schools have not specifically addressed these particular problems of Indian students in their basic education programs. In earlier years, funding to states and public schools from the Johnson-O'Malley Act was generally used for basic support and operations. Congress enacted the Indian Self-Determination and Education Assistance Act to establish a revised program of assistance to upgrade Indian education in public schools.
>
> The Johnson-O'Malley Act, as amended by P.L. 93-638, authorizes funding for supplemental programs for eligible Indian students, age three years through grade twelve, to meet their special and unique educational needs, as determined by contractors and local Indian education committees. These supplemental programs address specific educational needs resulting from the disadvantaged socioeconomic status of the parents or cultural factors. These programs include preschool activities for three and four-year-old children. Eligible Indian students are defined as follows:

> Indian students, from age 3 years through grade(s) 12, except those who are enrolled in Bureau or sectarian operated schools, shall be eligible for benefits provided by a contract pursuant to this part if they are 1/4 or more degree Indian blood and recognized by the Secretary as being eligible for Bureau services. Priority shall be given to contracts (a) which would serve Indian students on or near reservations and (b) where a majority of such Indian students will be members of the tribe(s) of such reservations.

Funding of programs under the Johnson-O'Malley Act is designed to supplement other school, state or Federal programs in meeting the special and unique educational needs of Indian students. This supplemental assistance is administered at the local level through contracts with tribal organizations, public school districts, and State Departments of Education. Under the Indian Self-Determination and Education Assistance Act (P.L. 93-638), parent committees must fully participate with the contractor in the planning, implementation, and evaluation of the contracted programs. Contractors and parent committees conduct needs assessments to determine the special and unique educational needs of eligible students in order of priority. The needs of a particular Indian community may differ from area to area. The types of supplemental services include such programs as remedial tutoring, home-school coordinators, teacher aides, early childhood programs, summer education and activity programs, educational field trips, gifted and talented, and parental costs.

This program is successful not only in meeting the special needs of students, but it also promotes cooperative relationships between Indian communities and school systems which serve to enhance parental involvement in the education of their children.

In FY 1983, this program provided services to 170,030 students in 26 states. In FY 1984, approximately 175,000 students will be served. The larger increase is due to the inclusion in the Navajo contract of approximately 4,000 three and four-year-old children who have not previously been served.

The growth in the number of tribal contracts from FY 1978 through FY 1985 is reflected on the next page:

Type of Contractor	1978	1979	1980	1981	1982	1983	Est. 1984	Est. 1985
Tribal Organizations	146	152	174	227	196	221	230	240
Public School Dist.	92	90	76	70	64	59	55	51
State Dept. of Educ.	6	6	6	6	6	6	6	6
Total Contracts	244	248	256	303	266	286	291	297

> Supplemental support funds are distributed to eligible contractors based upon the number of eligible Indian students to be served. In order to ensure that JOM supplemental funds are used appropriately, proposed revisions have been developed to 25 CFR 273.
>
> The proposed revisions, originally published in the Federal Register in the September 1982 along with other parts of the P.L. 93-638 regulations, changed the system of contracting to grants. Due to the objections received on this change, the proposed revisions will continue as contracts and be republished in the Federal Register for comment."

This budget justification statement indicates the value of J.O.M. The Council wonders why the sudden reversal of policy with no alternative funding sources offered as a substitute. The Council fully understands the place that J.O.M. plays in providing essential educational services for American Indians. Appendix A and B show how the funds were allocated in FY 1985.

We urge that the Congress restore the funding level of J.O.M. to at least the $25,674,000 level. The federal government has a definite responsibility to provide a good education to the American Indian tribes.

Thank you for accepting our testimony.

FY 1985 JOM DISTRIBUTION BY STATE

APPENDIX A

State	*(1) State Ave. Per Pupil Cost	(2) State Weighting Factor	(3) Number of Students Served	(4) Weighted Student Unit (2 x 3)	(5) State JOM Per Student Amount (Col. 2 x base amt. per WSU)	(6) State Allocation (Cols. 5x3)
Alaska	7,384	2.93	21,969	35,582	301.04	6,613,551
(Juneau)			(21,662)	(34,805)		(6,521,130)
(Portland)			(307)	(777)		(92,421)
New York	4,573	1.60	2,085	3,336	190.38	396,945
Wyoming	3,986	1.39	990	1,376	165.40	163,749
Rhode Island	3,461	1.21	210	254	143.98	30,239
Oregon	3,425	1.20	1,698	2,038	142.79	242,440
Michigan	3,238	1.13	2,020	2,283	134.46	271,612
Montana	3,228	1.13	8,110	9,164	134.46	1,090,474
(Billings)			(7,375)	(8,333)		(991,645)
(Portland)			(735)	(831)		(98,829)
Wisconsin	3,198	1.12	4,559	5,106	133.27	607,581
Washington	3,143	1.10	5,942	6,536	130.89	777,751
Colorado	3,118	1.09	789	860	129.70	102,336
Iowa	3,032	1.06	513	544	126.13	64,708
(Aberdeen)			(345)	(366)		(43,517)
(Minneapolis)			(168)	(178)		(21,191)
Minnesota	3,031	1.06	5,883	6,236	126.13	742,026
Kansas	2,989	1.04	687	714	123.75	85,019
Nebraska	2,920	1.02	1,758	1,793	121.37	213,371
New Mexico	2,803	1.00	27,550	27,550	118.99	3,278,178
(Navajo)			(17,640)	(17,640)		(2,098,986)
(Albuquerque)			(9,910)	(9,910)		(1,179,192)
North Dakota	2,746	1.00	2,582	2,582	118.99	307,235
Oklahoma	2,739	1.00	26,463	26,463	118.99	3,148,835
(Anadarko)			(10,482)	(10,482)		(1,247,254)
(Muskogee)			(15,981)	(15,981)		(1,901,581)
California	2,660	1.00	4,579	4,579	118.99	544,858
(Phoenix)			(651)	(651)		(77,463)
(Sacramento)			(3,928)	(3,928)		(467,395)
Louisiana	2,632	1.00	87	87	118.99	10,353
Nevada	2,583	1.00	3,843	3,843	118.99	457,282
Florida	2,579	1.00	418	418	118.99	49,741
Arizona	2,452	1.00	37,716	37,716	118.99	4,487,830
(Navajo)			(18,100)	(18,100)		(2,153,720)
(Phoenix)			(19,616)	(19,616)		(2,334,110)
Maine	2,393	1.00	213	213	118.99	25,348
South Dakota	2,388	1.00	9,022	9,022	118.99	1,073,531
Idaho	1,994	1.00	2,009	2,009	118.99	239,054
Utah	1,978	1.00	5,146	5,146	118.99	612,326
(Navajo)			(4,119)	(4,119)		(490,122)
(Phoenix)			(1,027)	(1,027)		(122,204)
Mississippi	1,898	1.00	316	316	118.99	37,605
TOTALS			177,157	215,746		$25,674,000

*State Average Per Pupil Cost is provided by the National Council of Educational Statistics "Average Daily Attendance, Current Expenditures, and Exclusions for P.L. 89-10 - 50 States and District of Columbia" (FY 1983).

National Average Per Pupil Cost is $2,861.

FY 1985 ADVICE OF ALLOTMENTS FOR AREAS - JOHNSON-. APPENDIX B

Area/State	Student Count	Amount
Aberdeen	13,707	1,637,654
Iowa	345	43,517
Nebraska	1,758	213,371
North Dakota	2,582	307,235
South Dakota	9,022	1,073,531
Albuquerque	10,699	1,281,528
Colorado	789	102,336
New Mexico	9,910	1,179,192
Anadarko	11,169	1,332,273
Kansas	687	85,019
Oklahoma	10,482	1,247,254
Billings	8,365	1,155,394
Montana	7,375	991,645
Wyoming	990	163,749
Eastern	3,329	550,233
Florida	418	49,741
Louisiana	87	10,355
Maine	213	25,348
Mississippi	316	37,605
New York	2,085	396,945
Rhode Island	210	30,239
Juneau	21,662	6,521,171
Alaska	21,662	6,521,130
Minneapolis	12,630	1,642,410
Michigan	2,020	271,612
Minnesota	5,883	742,026
Iowa	148	21,191
Wisconsin	4,579	607,581
Muskogee	15,981	1,901,581
Oklahoma	15,981	1,901,581
Navajo	39,859	4,742,828
Arizona	18,100	2,153,720
New Mexico	17,640	2,098,986
Utah	4,119	490,122
Phoenix	25,137	2,991,039
Arizona	19,616	2,334,110
California	651	77,463
Nevada	3,843	457,282
Utah	1,027	122,184
Portland	10,491	1,480,515
Alaska	307	92,441
Idaho	2,009	269,034
Montana	735	98,829
Oregon	1,698	242,460
Washington	5,742	777,751
Sacramento	3,928	467,395
California	3,928	467,395

Appendix D
From NACIE 11th Annual Report

TABLE 1

TITLE IV, PART A -- LOCAL EDUCATIONAL AGENCIES (LEA) STATE-BY-STATE DISTRIBUTION OF FY 1984 FUNDS

State	Number of Grants	Amount
ALABAMA	9	$ 808,683
ALASKA	46	6,585,634
ARIZONA	65	4,264,162
ARKANSAS	2	121,794
CALIFORNIA	131	3,878,623
COLORADO	6	230,317
CONNECTICUT	3	34,870
FLORIDA	6	66,832
HAWAII	1	12,146
IDAHO	12	206,992
ILLINOIS	2	122,844
INDIANA	2	7,253
IOWA	4	95,102
KANSAS	8	197,896
LOUISIANA	6	368,097
MAINE	4	41,836
MARYLAND	6	164,589
MASSACHUSETTS	2	70,953
MICHIGAN	86	2,120,182
MINNESOTA	53	1,566,768
MISSISSIPPI	5	16,951
MISSOURI	1	2,689
MONTANA	40	1,641,475
NEBRASKA	9	260,836
NEVADA	10	330,406
NEW JERSEY	3	57,915
NEW MEXICO	26	3,457,638
NEW YORK	16	994,116
NORTH CAROLINA	24	1,756,365
NORTH DAKOTA	20	665,394
OHIO	3	94,086
OKLAHOMA	306	9,940,173
OREGON	22	836,760
RHODE ISLAND	2	27,321
SOUTH DAKOTA	30	1,301,449
TEXAS	3	93,374
UTAH	14	510,798
VERMONT	1	56,285
VIRGINIA	2	18,072
WASHINGTON	74	2,104,065
WISCONSIN	40	997,951
WYOMING	7	280,308
TOTAL	1,112	$46,400,000

TABLE 3

TITLE IV, PART B
STATE-BY-STATE DISTRIBUTION OF FY 1984 FUNDS

State	Number of Grants	Amount
ALASKA	1	$ 133,848
ARIZONA	3	494,257
CALIFORNIA	2	295,415
COLORADO	1	152,294
MASSACHUSETTS	3	560,403
MINNESOTA	8	1,570,060
MISSISSIPPI	2	241,582
MONTANA	3	394,052
NEBRASKA	1	60,192
NEW MEXICO	3	279,324
NEW YORK	1	116,342
NORTH CAROLINA	2	505,387
NORTH DAKOTA	1	137,949
OKLAHOMA	5	587,654
PENNSYLVANIA	1	246,157
SOUTH DAKOTA	2	304,654
UTAH	4	530,805
VERMONT	1	75,772
WASHINGTON	5	821,386
WISCONSIN	7	908,676
TOTAL	56	$ 8,416,209

Mr. TAYLOR. Thank you.

Mr. Bruce, you may proceed.

Mr. BRUCE. I am just going to say a few words because, as you know, this word "consultation" is still a nightmare to me here today, because there is need for consultation. I can't believe that this administration could overlook that and not contact the tribes and Indians; to give them a chance to say what's good or bad about this; to give us a chance to meet with them and talk with them. They never consult with us at all, and I am putting it straight, but I think that's right. It is good for our people, our Indian people.

Ms. WRENN. I would just like to clarify for the record, please—the members of NACIE, who appoints them?

Mr. STEPETIN. The President.

Ms. WRENN. Thank you.

Have you lodged any complaint or question to the President or to the White House regarding the failure of the Secretary of Education to consult with you on the proposed transfers of the title IV and JOM programs? I know last year, or 2 years ago, when the Department of Education came up and tried to terminate title IV you had not been consulted at that point, either. Of course, if you write a letter, you might not be here next year, either.

Mr. STEPETIN. We would like to feel that we are not a special interest group; that we are real as opposed to, let's say, the Small Business Administration. We have signed contracts, our people have, long ago, and I think if we can convince them that we are together for the betterment of the community, all of us in this country, we would be better off.

Ms. WRENN. I know that NACIE oftentimes conducts field hearings regarding issues of importance in Indian education. Have there been any thoughts about whether or not you will conduct any types of hearings or meetings out in the field regarding the proposal of the transfer of the two programs?

Mr. STEPETIN. Yes, ma'am. We usually make onsite visits. We have traveled to several cities from the west coast—Seattle to California—back here, et cetera. We hope to continue to do that if NACIE is funded at a sufficient level.

Ms. WRENN. Thank you very much.

Mr. TAYLOR. Our next panel is the Navajo Community Control School Boards, Ernest Dick, president; accompanied by Bruce Hoffman.

Mr. Dick, you may proceed.

STATEMENT OF ERNEST W. DICK, PRESIDENT, NAVAJO COMMUNITY CONTROLLED SCHOOL BOARDS, ACCOMPANIED BY BRUCE HOFFMAN

Mr. DICK. OK, thank you.

We are here on behalf of the Navajo Contract School within the Navajo Reservation. We are very privileged to be here today and to express our concern with you on the budget for fiscal year 1987 for the BIA and the Department of Education.

Although we believe that the Interior budget for Indian education is generally a fairly good budget, we have concerns which I present to you in detail with a written testimony also.

First, we would like to express our concern in bilingual education. It's cutting $1.5 million, and that's really detrimental because in the evidence that is shown in bilingual education the Anglo language cannot do it alone. So we would like for this not to happen because that is a true bilingual education, and where the BIA is paying for basic fundings for us, but at the same time, also, going to—working with other policies that are being used and are being implemented like title VII. The Title VII Program also is in line with this bilingual education at the same time, too.

Then the other is transferring funds from title IV to BIA. As we have discussed this before, also writing up testimony here, I think that we're in a situation where we actually need the money to educate our youngsters, and giving it to BIA, I don't think that is very necessary for us. So I think we need to stay with the Title IV Program.

Then the Gramm-Rudman Act also—I don't know how to actually present this, but we're asking for exemption from this act because I think the Navajos or the Indians already are the poorest. Reading the Gramm-Rudman Act, I think that in this it says that we will be exempted. So I think we would like to go along with this.

So this is basically the main few points that I have to testify before you. This is my first time being here in the District of Columbia, and I give it my best shot. I don't know if you can understand what I am trying to say.

I am president of the association currently now. My associate here, if you have any questions, he can go ahead and answer them or if I can too, also. Thank you.

[Prepared statement of the Association of Navajo Community Controlled School Boards follows:]

Prepared Statement of the
Association of Navajo Community Controlled School Boards, Inc.
On the FY 87 Budget Regarding Indian Education

Submitted to the Senate Select Committee on Indian Affairs
February 18, 1986

Part A of this statement will reflect concerns about specifics in the Administration's proposed FY 87 budget request to the Congress.

Part B of this statement will reflect concerns about proposed changes in the Department of Education's Bilingual Education budget submission, as it affects contract schools.

Part C of this statement will reflect concerns about the implementation of the Gramm-Rudman-Hollings Balnaced Budget and Emergency Deficit Reduction Act of 1985.

PART A FY 87 BUDGET SPECIFICS - BUREAU OF INDIAN AFFAIRS

1. General Funding Level - BIA Education

Overall, we support the President's submission on the general funding levels of the FY 87 budget request.

The budget reflects a sufficient level of funding in light of the tremendous budget deficit facing the Nation. It reflects that the Administration already recognizes that basic operating educational services to the disadvantaged Native Americans served by the BIA are already at their lowest possible levels for the continuation of such basic services. But although requested at acceptable levels, PL 99-177 could render such levels of funding to devastatingly lower levels if applied as anticipated. This possibility and its impact will be noted later.

2. Bilingual Education.

ANCCSB objects to the proposed cut of $1,500,000 and proposed revisions anticipated for eligibility to participate in bilingual education.

a. On p. BIA-42 we are shown what appears to be a precipitous drop in "Bilingual" ADM and WSU's. The BIA now funds .2 WSU (c. $400) for students who meet the stringent criteria for non-English-dominant students in an honest bi-lingual program. Such monies must be used for bilingual education; the receipt of TITLE VII or other funds does not allow the school to use the BIA bilingual funds for other purposes. Appx. $400 per pupil will not "buy" an adequate bilingual program; it can be a big help to a school that is serious about such a program and willing to use some of its basic funds for such.

	Actual FY 86		Est. FY 87	
	ADM's	WSU's	ADM's	WSU's
A. Basic	38,498	43,315	38,360	43,163
B. Exceptional	5,927	3,471	5,900	3,455
C. Bilingual	8,053	1,611	6,260	1,252
T Instructional WSU's		48,397		47,870

The BIA anticipates 4/10ths of 1% drop in students receiving "BASIC" instruction. It anticipates c. 1/2 of 1% drop in students receiving supplementary "EXCEPTIONAL CHILD" instruction. But it anticipates a 22% drop in supplementary "BILINGUAL" instruction!

Stated another way, the BIA anticipates the loss of 152 "BASIC" students, 27 "EXCEPTIONAL" students, and 1,793 "BILINGUAL" students.

And where, pray, might all these "Bilingual" students going? We're not told. At least we could find no explanation in the budget justification.

What may well be at play here is yet another attempt by people in OIEP to restrict the extent of "Bilingual" instruction under the naive and mistaken notion that "all children learn English in six months to two years." While this may be true of middle-class immigrant children in Arlington and Fairfax counties, it is most definitely not the case on many Indian reservations as the BIA schools' test scores all too eloquently attest.

These attempts to restrict the extent of bilingual instruction is contrary to national policy on bilingual education (PL98-511), contracy to BIA policy as defined in the regulations (cf. 25 CFR 32.4(h) Multilingual education), contrary to TITLE VII regulations and practice, contrary to most reputable research, and contrary to common sense.

OIEP attempted earlier to restrict bilingual instruction to the primary grades by issuing "Guidelines" on the subject. These had to be withdrawn because the so-called "Guidelines" attempted to change (or subvert) regulations. A draft of proposed regulations would restrict bilingual instruction to no more than three years for any one student. This draft has never been issued as proposed regulations. Yet (we suspect) the apparent "loss" of 1,793 "Bilingual" students may well be an attempt to smuggle OIEP's dicta in by appropriations language (or rather numbers).

Until or unless these draft regulations are proposed, and accepted, the existing regulations remain: they state no such limit on Bilingual Education.

We have serious doubts about the propriety of establishing "Exceptional" and "Bilingual" as lines separate from "Basic" except for planning purposes. We seriously doubt the BIA's (or anyone else's) ability to predict next year's enrollment accurately. We would hope that these figures are only estimates for planning purposes.

It would appear to us that the BIA may be trying to smuggle in changes in laws and regulations by means of numbers games in the appropriation process.

We urge the Congress to reject this attempt and to (re-)direct the BIA to follow national policy as stated in PL 98-511: the BIA should be inisiting on and encouraginggood bilingual instruction in the schools it funds instead of attempting to limit or eliminate bilingual instruction in these schools.

3. Education Standards (Implementation)

We support that BIA's request to the Congress for additional funding to meet the newly established standards. We object that these funds are not made available to contract schools. This is discrimination.

The BIA justifies the request of $300 K for the costs to upgrade BIA professional staff to achieve state certification. However, that the BIA limits these funds to BIA-operated schools discrimninates against contract schools who have accepted the BIA standards for their own, or who have selected alternative standards, which all call for increased staff training. Contract schools can reduce funds to students to meet the standards their Boards have chosen. Bureau staff can obtain add-ons.

We request the Congress to either allow such add-on funds to met the chosen educational standards top be shared by all schools needing such funds, or to add these funds to basic WSU funding, so that all schools can equally participate in these services.

4. School Boards

We support the request School Board training and expenses.

We request that the Congress require the BIA to declare how these funds will be distributed prior to the budget request is approved.

We recommend that the SB "expense" funds be distributed to each school board on a pro-rate/fair share basis, as Board responsibilities are basic services for all schools, no matter what size school is considered; and that the "training" funds either be shared to each School Board equally, or that in report language, the Congress instruct that such funds be contracted out to appropriate Indian education organizations that can continue to provide appropriate School Board training, such as NISBA, ACTS, NASBA and ourselves, ANCCSB.

We urge the Congress to discourage the BIA from keeping these funds in the Central Office and to offer centralized training from their offices, such as the once suggested 5-day training program in DC for all School Boards (which would be a horrendus waste of money and resources.)

5. Student transportation

We support and acknowledge the value of the extra factor consideration for student transportation on the Navajo Reservation.

For those aware of the road conditions on the Navajo Reservation and in the Southwest, this consideration of additional funds to meet day school and boardings onm Navajo is well taken and appreciated.

6. Contract Support

The BIA needs to increase this line item request, as the funds appropriated since 1984 have been increasingly insuffucient to meet the distribution directives as set by the Congress and BIA.

In 1984, at the request of the Senate Appropriations Committee, contractors under PL 93-638 were to receive a "fixed" amount for indirect costs/administrative services, at the 100% level of the FY 84 need as determined by the application of unadjusted indirect cost rates or lump sum agreements.

These levels have never been fully funded!!!

In 1984, with promises and assurance by the BIA and the Congress, we received less than 97% of identified need; in 1985, schools received from 85% to 100% of needs (the distribution has never been equal and fair, which was also promised by the BIA). ew contract schools received 25 % of need, or less-- a penalty w associated with contracting under 638.

Prelimiary estimates for FY 86, without Gramm-Rudman considerations are around the 85% level.

We request that the Congress re-evaluate and seek recommendations on how administrative costs should be handled, and that funds be distributed equitably and relative to need.

We also request that this Committee seek an audit of the BIA's handling of the ICSF for the past three years, to uncover the rationale for such unequal distribution of these funds.

7. Fund transfers with Department of Education

We do not support the proposed transfer of funds and functions between the BIA/OIEP and Dept. of Education/TITLE IV. We assert that TITLE IV/Indian education has been effective, and has made contract schools truly Indian schools. IF IT WORKS, DON'T FIX IT!!!

a. Both the BIA and Dept. of Ed. have used the appropriations process to change statutory law on the structure of Indian education and Congressional policies and priorities. We object to the use of appropriations request to make such fundemental and essential changes.

We request that the proposed transfers be taken to the appropriate committees in the House and Senate for review, input from the Indian education committee and thorough review prior to implementation.

b. Both agencies are proposing a false dichotomy: "public school Indians" vs. "federal school Indians." For soverign Indian nations, there are only tribal Indians: they are one.

c. The proposed transfer deletes all safeguards presently found in both JO'M and in TITLE IV/Indian Ed.

d. The proposed transfer gives to each agency the control of such funds that are in the greatest conflict of interest to their programmatic responsibility. Contract schools will fare much worse with the BIA determining who will receive funds than is presently done.

e. The Dept. of Ed. proposes to block grant JO'M funds to the states, where state administrative costs will eat away at program dollars, and tribes will have little or no say in program development. Tribes will be prohibited from contracting JO'M funds under PL 93-638.

f. The BIA will distribute what was once funds restricted to contract schools (that went to 50 some schools) to a much broader base of near 200 schools, without increasing the volume of dollars avilable.

Although we do not object that BIA-operated school share in additional funding, we believe the BIA should request such "discretionary" funding for its schools through the proper process, such as through the "adjustments" section of this budget request. They should not reduce funding to non-profit corporations/tribally-operated schools for their own budgets.

g. This transfer will cause to be established a new Central Office bureaucracy that will have to "re-invent the wheel" and waste limited resources; the present system works, and works well. There is sufficient evidence from experience that the BIA/OIEP would not be able to handle the new responsibility in this conflict of interest situation; proposed changes in the bilingual education formula factor (as noted above) AGAINST the BIA's own policies and national education policy, it's highly prescriptive and complex procedures in distributing PL 94-142 and CHAPTER I funds and contract review procedures outside of PL 93-638 are some gross examples.

h. TITLE IV funds are now available for schools who wish to start up and establish themselves as contract schools -- which would be eliminated via this transfer.

i. The transfer reflects a power grab by the Central Office and ignores the Congressional intent of the Indian controll of these funds.

j. The transfer would deny presently available TITLE IV funds to non-federal, non-public schools. The block grant of the remaining TITLE IV funds by the Dept. of Ed. to states would cuyt out these small and struggling alternative schools.

k. The research done on TITLE IV funding shows that it is a very effective program. The transfer could not possibly improve upon this. IT COULD DESTROY THE GOOD THAT HAS TAKEN YEARS TO ACCOMPLISH!!!

PART B DEPARTMENT OF EDUCATION / BILINGUAL EDUCATION

We object to the decidedly malicious attempt by the Department of Education to monolingualize the Bilingual Education Act.

Because we have not been able to obtain a complete copy of the Dept. of Ed.'s budget justification for FY 87, our comments must be brief. But the Administration's intent is clear:

eliminate true bi-lingual education.

With a single off-handedly technical-sounding sentence, the Secretary of Education casually moves to monolingualize the Bilingual Education Act.

> **That the limitations in Section 702(b)(3) and 702(b)(4) shall not be in effect.**
>
> **DEPT. OF ED. BUDGET SUMMARY I-17**

Section 702(b)(3) (of PL 98-511) limited so-called "special alternative instructional programs" (translation: "English-only "immersion programs") to no more than 4% of all TITLE VII funds.

Section 702(b)(4) insisted that at least 60% of all TITLE VII funds be reserved for Part A (instructional) programs and that at least 75% of that be reserved for "transitional bilingual education programs." I.E., a minimum of 45% of all TITLE VII funds were to be spent on transitional bilingual programs.

The net effect of removing 702(b)(3 and 4) would be to leave it entirely up to the Secretary how much of the available money would go to the three "basic programs" types.

The Secretary has made it plain in public speeches his opposition to real bi-lingual education. He has proposed a set of regulations which could give English-only projects 20-30 points more than developmental projects and up to 20 more points than transitional projects.

IF the Secretary is allowed to award grants as he, not the Congress, wishes, using rigged selection criteria, federally-funded bi-lingual education will cease to exist, despite the fine-sounding statements of national policy in PL 98-511.

In addition, the Secretary casually removes $30,000,000.(17% of all TITLE VII funds) to be used for (obviously mono-lingual) Emergency Immigrant Education. This even before he would begin to distribute TITLE VII money for bi-lingual programs.

And, without trying to delete or change Section 702(b)(5), which reserves 25% of all TITLE VII funds for Part C (training), the Secretary cooly cuts Part C to $10,000,100. This is not 25%, but 5. !!! IF most or all grants go to English-only "immersion" projects, and very little money will be spent for training, Congress will end up paying the more affluent school districrts (who could have afforded "immersion Projects" with their own funds) to use TITLEVII mon s to run old-fashioned pre-TITLE VII "submersion" * projects.

* There is, in theory, a distinction between "immersion" and

"submersion" projects. It has to do, basically, with trying tio see that content (and skills) are taught using English just a little bit more difficult than the children now control so that they are (in theory) learning both content (or skills) and English. In Practice, however, it seems almost impossible to write regulations that would ensure that a project was actually trying top do this. While a TITLE VII project might have an impressive looking set of objectives and tests, it could be in practice yet another old-fashioned sink-or-swim "submersion" project.

A year or more's careful work in crafting the compromises within Congress to achieve a good and workable Bilingual EducationAct will have been for nothing: c. $173,000,000./ of federal monies will be handed over to institutionalized bigots.

We urge the Congress **NOT** to allow the Secretary to play ideological games with the Bilingual Education Act; that the Secretary's attempt to change the distribution of funds be rejected; that the Secretary be told (yet again) that he will be expected to distribute the funds according to law.

PART C IMPACT OF PL 99-177 GRAMM-RUDMAN-HOLLINGS ACT

We urge the Congress to carefully consider the relationship of the United States to Native Americans, the importance that the Congress has laready announced in saving poverty programs for unmanaged automatic cut backs, and provide for Indian Education and exemption from PL 99-177 at the level provided for the United States Indian Health Facilities and Services.

We ask that this Committee take to the Congress this request and to speak on behalf of the disadvantaged children attending BIA affiliated schools.

1. The Congress is aware that up until the night before PL 99-177 was passed by the Congress, BIA education was placed in the pool of programs exempt from the G-R-H act.

2. The President's budget ~~for FY 87 generally recognizes that~~ Indian Education cannot be cut back any further, without there being a very significant loss of program, if not annihilation of program.

3. The Navajo contract schools present the following example of how one fairly well established contract school, with acknowledged program competency, will be affected if a 25% cut is applied to the OIEP budget. We ask that the reader carefully look at what will happen.

PRELIMINARY ESTIMATION: Impact of a 25% Cut in Funding: Rock Point

I This Board has attempted to put together an integrated high-quality Navajo education program from a number of different funding sources.

II One possibility, that of salary freezes, or pay cuts, would be very difficult to implement.

Salaries at this school are tied to federal pay scales. There has been an attempt to close the gap between 'professionals' and para- or non-professionals by lowering administrative salaries and raising para- and non-professional salaries.

Salaries for comparable positions at Rock Point are now 18 months below that of the Bureau. A comparison of teacher salaries, last year, showed the average salary to be near $15m compared to $18-21m in the New Mexico and Arizona public schools. The dormitory has been closed, Food Service cut, and drivers moved to 5-hour workdays now. Cuts in hours or salary would lead to the loss of the best people to better funded schools. Given predictiona of increasing teacher shortages in coming years, this school might never recover from the loss of its best-trained local teachers.

III A 25% cut could not be spread across all activities of the school. While basic support services might be trimmed, they could not be eliminated and it might not be able to cut them as much as 25%. If not, there would have to be greater cuts in the academic portions of the program.

food services

This is a poverty community. It is also a dispersed rural community. Only a sixth (c. 70/430) could go home at noon.

In the past, the school has had a closed campus: all students take the noon meal and stay at school over the noon hour. Academic staff on duty have eaten with the students. Breakfast has been provided to all off-campus students who wish to eat here.

At the worst, the school might have to:

a) eliminate the breakfast meal altogether;

b) send on-campus or near-campus students home at noon (or charge for their meals);

c) stop feeding academic staff on duty with students at noon (or charge for their meals).

Some of consequences of these cuts would be:

a) poorer attendance, poorer participation, and less academic learning as a result of poorer nutrition;

b) more lateness, absenteeism, and asocial behavior of on-campus and near campus-students where parents work or are not at home at noon;

c) less student-teacher interaction and poorer teacher morale, and less academic learning as a consequence;

d) reduction of hours of food-service people; loss of better people unwilling or unable to accept less-than-fulltime work.

Until relatively recently, USDA reimbursement has made a significant contribution toward food costs. A 25% cut in USDA would require additional expenditures from funds intended for instruction.

support services

This is a poorly-educated community: although a number of community people have obtained degrees while teaching, most community people have relatively low levels of formal education. Many homes do not have books or situations conducive to study.

In the past, the school has compensated for this by running activity busses after school. This has enabled any student to participate in sports or clubs. More importantly, it has allowed any student to stay, or to be kept, after school. One of the reasons for this school's relative success in keeping students 'moving' academically has been their ability to help students who are behind, for any reason, after school.

But Rock Point is a relatively dispersed rural community: maybe 10 people per square mile over mostly rock and sand roads.

Medical services are limited. PHS runs a clinic one-day-a-week. All other care involves a minimum of a 100 mile round-trip. Seeing specialists involves longer trips.

At the worst, the school might have to eliminate all student travel except: basic home-school-home travel and travel for medical services.

This would eliminate:

a) all after school activity including make-up, clubs and sports (except, possibly for on-and near-campus students);

b) all academic and sports activity off-campus;

c) all after-school Navajo arts and crafts and Navajo song and dance activities;

d) all out-of-community field trips.

Some of the consequences of such cuts would be:

a) a general decline in academic achievement caused by the school's inablity to help students behind to catch-up, forcing the school to either fail more students or to lower expectations of all students;

b) less student interest and satisfaction and, as a result, less academic learning;

c) less specifically Navajo education, and, as a result, lower academic achievement;

d) less learning about the world outside of Rock Point resulting in students more poorly prepared for education, training or work outside the community;

e) serious ethical and morale problems by greater reduction of services to these students not living on- or near- the school (many of whom are employees' children or relatives);

f) further reduction of drivers' hours below the 5-hours now standard causing a loss of the best people.

summer school

This school has been able to past to help students who move at a slower pace try to catch up through summer school. This has reduced the number of students not promoted to less than half-a-dozen each in the elementary and in the secondary schools.

Because of the dispersed nature of the community, feeding and transportation costs of a summer school are relatively high. (The school must run much the same bus routes, they just pick up far fewer students.)

At the worst, the school would have to eliminate the summer school (or limit it to those students on- or near- campus).

This would have a number of the consequences noted above.

IV As noted at the outset, this school has attempted to put together an integrated quality Navajo education program from a number of funding sources. While the bulk of this money comes from relatively 'hard' money (e.g., BIA, Chapter I, Title IV-A(LEA), the money that makes the difference is 'soft' (competitive) money (e.g. Title IV-B, Title VII).

While the school might expect a 25% cut in the 'hard' money, they might lose some sources of 'soft' money altogether. This would require a re-organization of the academic program on the basis of 'saving' what are to the Board the most important activities.

secondary

Because of the relatively low number of students in the secondary (60 JH; 90 SH), and the number of classes that must be offered, and the small size of classrooms in the converted dormitory, there are few new economics that could be effected in the secondary. Because of the significantly higher cost-per-pupil costs in the secndary, a book-keeper would recommend closing the secondary altogether. Given the extremely low level of achievement and expectations in the nearer public and federal high schools, this would not be acceptable at Rock Point unless this were the only way to save the elementary program.

Should the ALP Project not be funded, the school would be hard-put to pick up the whole project. The Pre-Voc activities are in increasing financial difficulty each year.

One alternative might be to move portions of the secondary program to Kiva Hall. This might allow larger classrooms, allowing the school to have larger groups of students. (E.g. 35 9th graders, now in three groups because of classroom size in the current building, could be placed in two classrooms in Kiva. Or one.)

Unfortunately, such a move would not necessarily result in economics. While it might allow increases in class size, and cuts in teaching staff, it would require: a) substantial costs in alterations and furniture, and b) the need for a new supervisory position in the building. As the shop, home ec, library, and ALP classrooms would have to be placed in one building or the other, the school would have to accept either: a) reduced or no use of these facilities by JH students or b) considerable loss of time and student control in getting to and from the two 'academic' buildings.

At worst, the school might have to "

a) eliminate all non-academic services: counselling, curriculum coordination, and activities coordination;

b) cut teaching staff and increase class size (by utilizing Kiva Hall);

c) eliminate all pre-vocational classes to save the academic classes;

d) cut down or eliminate the literacy program unless Title IV continued to fully fund it;

e) eliminate all after-class activities (because of transportation costs): after school make-up work, clubs, sports, and the like.

f) alternatively, the activities noted in c above could be offered only to those living on- or near-campus (usually employees' children or relatives);

Some of the consequences of such cuts might be:

a) less learning by students, bringing them down to the deplorably law levels of other rural Navajo schools;

b) less student interest and less satisfaction in school and, as a result, poorer morale, poorer attendance, and lower achievement;

c) more student failures, dropouts, and transfers to other, better-funded, school beyond this community;

d) less teacher satisfaction, poorer morale, loss of better teachers to better funded schools.

elementary

Those savings which could not be effected in ADMINISTRATION and in the food services, transportation, and secondary components would have to be effected in the elementary component.

The elementary component would also be the most severely affected.

Cuts in Chapter I would reduce at least one or two EL teachers which would have to be 'made up' with regular funds or by increasing class size.

Cuts in Chapter I would eliminate one reading tutor; cuts in

Title VII or IV could eliminate another ---- or all four (if the project itself were not funded).

Cuts in Title IV might eliminate one of the elementary NL teachers---or all three (if the project itself were not funded).

Taken cumulatively, the worst-case results would be C 250 1-6 grade students reduced from 12 classrooms (c. 21 per classroom) to as few as eight to ten classrooms (c. 21 per classroom) to six to eight classroos (31 to 42 students per classroom). As few as 96 of these might receive additional reading instruction; none of them would receive bilingual instruction beyond the 2nd grade.

The consequences of such cuts would be

a) increases in class size to near-impossible size with consequent losses in student learning;

b) elimination of all but the most basic instructional activities;

c) less academic progress, more failures, less student satisfaction, more dropouts, and an increase in social pathologies;

d) less teacher satisfaction, poorer morale, loss of better teachers to better funded schools.

V This analysis has not dealt with either FACILITIES or ADMINISTRATION. Currently these are funded in such a way that these funds cannot be used to fund EDUCATION-supported activities.

Cuts in these funds, however, would have an effect.

The school already has relatively low administrative costs for a self-contained one school school system. It may be difficult to cut administrative staff and still maintain financial and programmatic accountability. The only way in which the school could remain viable would be to move (a minimum of) three-and-a half positions to EDUCATION, thereby decreasing the money for instruction.

Fuel and utilities could not be cut beyond certain levels. Whatever savings could be affected would have to be salaries for minor repairs and janitorial services. These could only result in less safe and less healthful facilities.

VI CONCLUSIONS

A 25% cut in funds would not affect all activities of the school equally.

There are levels below which ADMINISTRATION, FACILITIES, Food Services, and Transportation cannot be cut and still maintain a viable and accountable program. A disproportionate proportion of any cuts would have to be borne by Instruction.

Even with Instruction, fewer cuts could be made in the Secondary program than in the Elementary. In a worst-case seenario, where all soft-money were lost, class size would double.

The loss of an additional 25% of funds, and all 'soft' monies wouuld reduce this school to 1920 levels: very large classes, over crowded classrooms, limited curriculum. What is probably the most academically disadvantaged population in America would become even more disadvantaged. These would be even higher levels of failure, drop-outs, and consequent social pathology from which this Reservation might never recover.

-Wayne HOLM

We also provide the reader with a brief description of what will happen to the basic upkeep and maintenance of the Rock Point Community School facility, a facility already aged and showing the wear of years of service. This is also typical of other Bureau schools on the Navajo. A 25% cut on Facilities Maintenance will spell disaster for many schools.

Facilities Manangment: 25% Cut   The Impact at Rock Point Community School

This school facility of 142,577 square feet is old and many related problems are surfacing. Cement sidewalks have fallen apart to the point of being safety hazards. The wiring is old and light duty, not spec'd to the standards required by modern day lights, equipment and tools. Electrical retrofitting can go only so far. Program needs have outgrown facility capabilities. Clearly, however, new facilities are out of the question for the immediate future. Hence, the continued, expensive up-grading and retrofitting of these buildings will be an ongoing necessity.

Old buildings are hard to clean. Tile becomes porous and will not hold wax. Old carpets wear out and turn musty. Old aluminum case windows and doors leak air, dust and sand, doubling the need and frequency of cleaning. Old porcelin fixtures have long since had their sealout coat worn off, leaving them as collectors of germs and bacteria, and requiring expensive cleaning solutions and man hours to assure basic sanitation and cleanliness.

Many other factors could be listed, all of which add up to the fact that we occupy an inordinately expensive-to-operate facility. Actual numbers clarify the situation.

Current FY 86 FM Budget:

$425,837	total
-103,760	FY 86 utilities
$322,077	FM 86, Facilities personnel, materials, supplies.

Gramm-Rudman FY 87 FM Budget
$312,378 - Total
-114,136 - FY 87 utilities (86 + 10%)

$198,242 - FY 87, Facilities personnel, materials, supplies

To put this into perspective, one needs to know that FY 86 personnel costs are $242,148.

Gramm-Rudman guarantees several things as far as the maintenance of our facilities is concerned. Clearly the utility costs are fixed and will be paid if we are to maintain any operation at all. That being the case, so is the following:

1. We will not have sufficient personnel to do the job.
2. We will have no cleaning supplies with which to do the job.
3. Only emergency repairs will be done, and then on a deficit spending basis.
4. We will have no campus security.
5. Classrooms will be cleaned once a week, at best.
6. Programs will need to shut down when we are unable to make necessary repairs to these old buildings.
7. We will have no means to assure the safety of the campus water supply or sewage system.
8. There will be no means to replace the bulbs and ballasts which blow too often due to the antiquated power source.
9. Bathrooms will wreak of unsanitation.

10. Old dirty floors will be unsafe for children.

Summarily, this facility will become unfit and too unsafe for human/program housing, and will quickly fall to the point where it will simply be impossible to restore it to even the point it is today. Clearly, even if looked at only in terms of protection of the government's capital investment, this not only makes no sense, but, makes absolute nonsense.

Mr. TAYLOR. Hopefully, we can give the Gramm-Rudman problem as good a shot as you just gave us. [Laughter.]

Mr. Hoffman?

Mr. HOFFMAN. Thanks, Mr. Taylor. I don't want to take any more time. I want Carmen to have her opportunity.

We do want to note that we believe that Indian education is pretty much small potatoes in the Federal budget, and cutting us 25 percent isn't going to save the country a whole lot of money, but it will do us in.

One of the interesting twists on Gramm-Rudman is that the Bureau schools can continue to operate if there are enough funds, but contract schools have a contract. The Government says, "We'll give you money subject to availability." Contracts don't say you perform subject to availability. So we are in jeopardy of not being able to comply with our contracts, contracts which are continuing now and will go through October 1, but I doubt that any school can comply with the requirements of the contracts at this time.

The other rather important aspect of our concern is that title VII is being gutted; that is, true bilingual education is being gutted by a rather sleight of hand. The Secretary of Education is just proposing to delete two provisions of title VII as though it were not substantial, but those two provisions really provide for bilingual education with native language instruction. We are afraid that there will be no longer any bilingual education, simply monolingual, under the Bilingual Education Act.

With those concerns, we hope that your committee might be able to recommend to the Appropriations Committee some kind of exemption because you can't cut Indian education much farther without its not being able to survive.

Mr. TAYLOR. I think support of education is definitely a major concern of the committee and has been expressed in the context of Gramm-Rudman.

I do have a question on the Bilingual Program at the Department of Education, though. We have not yet received a copy of the entirety of the Department of Education's budget. In fact, the administration seems to be missing its deadlines as far as substantive committees are concerned for oversight. But is the bilingual—that is title VII, isn't it?

Mr. HOFFMAN. That is right.

Mr. TAYLOR. Is that scheduled for some heavy cuts?

Mr. HOFFMAN. No; In the document that we have, which is the budget without the full justification, it states that the limitations in sections 702 (b)(3) and (b)(4) not be in effect. Those limitations guide the Department of Education to fund native language instruction and limit monolingual instruction. If those limits are not in effect, then the Secretary can simply wipe out the language instruction and have it all be monolingual and still call it bilingual, under what guise I don't understand.

Mr. TAYLOR. Jane?

Ms. WRENN. I don't have any questions. You gave me quite a bit to read and I thank you very, very much.

Mr. TAYLOR. Thank you.

Mr. DICK. We'd like to thank you, too.

Mr. TAYLOR. Well, that brings us to our last panel after a very long day: the National Indian School Board Association, Carmen Taylor, program director, from Albuquerque, NM.

STATEMENT OF CARMEN TAYLOR, PROGRAM DIRECTOR, NATIONAL INDIAN SCHOOL BOARD ASSOCIATION, ALBUQUERQUE, NM

Ms. TAYLOR. I don't know whether to say good afternoon or good evening at this point, but I do want to thank you for being able to testify before this committee this afternoon.

I have submitted copies of my testimony for the record, and I will just briefly address some of the education line items. I will repeat those things which some of the other associations have addressed only as areas of emphasis.

We do feel that at least the school operations portion of the budget has faired reasonably well, but because the dollars are basic and not supplemental, we do feel that it's critical that no further reductions be made and that even the slight decrease proposed could adversely affect current programs.

The Bureau schools have been struggling—as have contract schools—for the last couple of years to become accredited either through State or regional accrediting institutions. I think that they are at a point now where no further reductions could be taken without adversely affecting that status.

The Bureau's budget under the Indian School Equalization Program is reducing the rate of student units in the categories of intense residential guidance and in the Bilingual Program. We feel, first of all, that it is rather premature to propose the decreases when the final changes to the guidelines in eligibility are not yet complete, and that the guidelines probably need to be carefully examined because they are rather restrictive in nature.

They also are proposing a FTE reduction under the Indian School Equalization Program [ISEP], which they think will amount to just under a $700,000 decrease. They're saying that this can be done by scaling back the contract terms for the educators, and in most cases I believe that, with maybe the exception of a principal and maybe a secretary, most schools have already done that. Trying to cut back any more on terms of contracts will increase problems of competition with public school districts who already have higher salaries and that the turnover of qualified quality education personnel might be further compounded by such a reduction.

I would just like to reiterate what Roger said earlier from the contract school group—that although ISEP has shown a slight but steady increase over the years that we've had that formula, it has not taken into consideration the not-so-slow increase in the cost of living; that each dollar does buy less milk, less food, fewer books, pencils, and other necessary purchases to provide education for the children.

Each year BIA's budget submission anticipates less children and estimates a higher base value for the next year. For example, the estimate for this year was 2,226 base value per weighted student unit, but in fact the allotment calculation forms that are now coming out of that office are showing 2,103, which is $123 less per weighted student unit than was estimated by BIA.

For school boards we support the amount requested, but again we don't support the restrictive language which imposes a ceiling on school board expenses. We feel like that ceiling has been imposed because of a few cases of past abuse, and we feel that rather than punishing, so-called, all those boards for those cases of abuse, those should be handled on a case-by-case basis.

It seems rather a paradox that on the one hand Public Laws 93-638 and 95-561 encourage full involvement of Indian people in running their programs and on the other hand BIA imposes restrictions which permit little flexibility.

As was indicated earlier, we are now into the sixth month of the school year and final allotments have not gone out to the schools. As the administration increases the emphasis on fiscal accountability, it is essential that principals and tribal contractors be notified earlier in order that they can have more control over fiscal planning and prioritizing.

Although forward funding is a preferable solution, we know that probably at this time it is not a practical one, but we would like some consideration for some advance appropriations. Most programs in the Department of Education are already either forward funded or receive advanced appropriations.

Again, Johnson-O'Malley—we are opposed to the transfer of Johnson-O'Malley from the BIA to the Department of Education. We feel like the statement about this being a policy of one department taking care of students and public schools and another in the Federal schools is a policy we haven't heard about before.

But, probably more important, as a policy it is contrary to this administration's policy of recognizing government-to-government relationship which encourages tribal contracting and other self-determination practices.

In 1984, for example, 220 of the 291 JOM contracts were to tribal governments. Under the proposed transfer, as we understand it, this option would no longer be available.

In continuing education, although BIA school operations aren't directly impacted, we are concerned about any of the proposed decreases simply because we are in a time right now where we need highly trained individuals to meet the ever-increasing needs both by tribal governments and highly skilled people teaching our children.

The impact of the Gramm-Rudman-Hollings Act, I don't think anybody has to try to explain what a 25 percent possible across-the-board reduction would do. I will be submitting for the record a few examples of what schools have said might happen. But just briefly, some of the things that they have said is that they would increase teacher-pupil ratios greatly; they would probably have to reduce teaching hours each day; maybe reduce the number of school days, even as low as 130 school days as opposed to 180 which is required under ISEP right now; eliminating food service programs, resulting in lowered nutrition, which also negatively affects learning capabilities; staggering bus runs; eliminating bus runs; eliminating all student activities; combining classrooms and curriculum offerings.

All of these things would affect accreditation requirements. Those are working at it would not be able to achieve it. Those who have it would probably lose it. Many of the schools have said that a very real possibility of closing down altogether would be likely.

Because ISEP is a basic support for BIA-funded schools and because of the Government's responsibility, we are also asking requests for serious consideration to exempt Indian education programs.

Finally, I guess the thing that I would like to address is that we are getting tired of BIA's policy changes and guidelines changes being done through the budget process. Time after time the administration proposes decreases in dollars based on either policy change or guideline change which has not even yet become final.

Perhaps the BIA needs to be reminded of its existing policies of consultation. The policies for education consultation were not accidentally developed, but were developed by task force with considerable tribal input. The policies are a result of hearing and consultation process.

That concludes my remarks for today.

Mr. TAYLOR. Thank you, Carmen.

[Ms. Taylor's prepared statement, on behalf of the National Indian School Board Association, follows:]

NATIONAL INDIAN SCHOOL BOARD ASSOCIATION
TESTIMONY

Prepared for the Senate Select Committee on Indian Affairs
FY 1987 Budget Oversight Hearing
BIA Education
February 18, 1986

Mr. Chairman and Members of the Committee:

My name is Carmen Taylor. I am here on behalf of the National Indian School Board Association. The primary objective of NISBA is to assist in the facilitation of the BIA's Congressionally-mandated policy of Indian control in all matters relating to Indian education by providing its members advocacy, communication, training and technical assistance. Formed in 1982, its members include school boards from BIA-operated and tribal contract schools as well as parent committees and tribal education committees. NISBA's members come from several states, primarily North and South Dakota, Montana, New Mexico, Arizona, Minnesota and Maine.

Overall, BIA-funded schools have fared well in the 1987 budget submission when compared to the tremendous budget reductions which are being proposed in light of the Nation's budget deficit. Since ISEP dollars are basic and not supplemental, it is critical that no further reductions be made. Even the slight decrease proposed could adversely affect current programs.

1) 1.5 million dollar decrease in bilingual and $600,000 decrease in intense residential guidance. It is premature to propose these decreases when the final changes to BIA's guidelines for eligibility are not complete. These proposed changes are much too restrictive and need careful examination prior to finalization.
2) $699,000 decrease due to reducing school staff appointments to time required for school term. Most BIA-funded schools have already scaled back teachers' and administrator's contracts to only the period school is in session. Additional shortening of contracts for teachers and administrators would create further problems with the BIA-funded schools being able to compete with public schools for higher salaries and employee benefits. Turnover of qualified, quality education personnel should not be further compounded by this proposed reduction.

Although the base value of ISEP has shown a slight but steady increase, it has not taken into consideration the not-so-slow increase in the cost of living during the same period of time. Each dollar buys less milk, food, books, pencils and other necessary purchases than the year before.

School Boards. Although we support the amount requested for school board expenses and training, we do not support the language for an imposed ceiling. While there may have been some past cases of abuse, the vast majority of school boards working with the school's responsible fiscal agent -- the principal -- will not spend money at children's expense. Instead of "punishing" all boards for isolated cases of abuse, those situations should be handled on a case-by-case basis. On the one hand, Public Laws 93-638 and 95-561 encourage full involvement of Indian people in running their programs; on the other hand, BIA imposes restrictions which permit little flexibility in decision-making and determining/prioritizing needs.

BIA's FY 1987 budget estimates the base value for ISEP at $2,227.00 for the 1986-87 school year. If the $1,235,000.00 line item for school boards was added into ISEP, it would increase the base value by $18.00 per WSU. Doing this and eliminating the ceiling language would be more appropriate and would promote the policy of local control.

Advance Funding. We are now into the 6th month of the school year and final allotments have still not been received by the schools. In this time of increased fiscal accountability, it is essential that the principals and the tribal contractors be notified much earlier in order that they can have more control over fiscal planning and prioritizing. Forward funding is the preferable solution. HOwever, we realize it is unlikely to get a one-time double appropriation at a time when there is such an urgency to reduce the national deficity. Therefore, we request the Congress to consider advance appropriations as authorized in Public Law 99-89. Almost all education programs in the Department of Education are already either forward funded or receive advance appropriations.

Johnson O'Malley. NISBA is opposed to the transfer of Johnson O'Malley from BIA to the Department of Education. The "current administration policy of consolidating in the U.S. Department of Education all funding for education programs serving Indian students in public schools" is a policy which has been stated for the first time through the 1987 budget development. As a policy, it is contrary to this Administration's policy of recognizing the government-to-government relationship which encourages tribal contracting and other self-determination practices. JOM is a program which tribes have successfully contracted under 638. In 1984, for example, 220 of the 291 JOM contracts were to tribal governments. Under the proposed transfer, this option would no longer be available. We were not aware that the federal responsibility differed for Indian children attending public schools than for those in BIA-funded schools.

Continuing Education. Although the proposed decreases in higher education do not directly impact BIA school operations, we are concerned about the FY 1987 budget proposal regarding the decreases in special higher education and the decrease for Tribally Controlled Community Colleges. There is indirect impact because of the ever increasing need for highly trained individuals to meet the increasing technological and professional needs of tribal governments as they pursue economic self-sufficiency and for qualified Indian educators to staff the schools serving our children.

Impact of PL 99-177, Gramm-Rudman-Hollings Act. The possibility of sequestering in FY 1987 would have devastating consequences for the

BIA/tribal school systems. A 25% across the board reduction would require that one or more of the following actions be taken:

1) Increase teacher/pupil ratios
2) Eliminate Food Service programs
3) Purchase no new supplies or materials
4) Abolish positions
5) Stagger bus runs and/or lengthen routes or possible eliminate runs
6) Eliminate all student activities which enrich their programs

Consequences would be inability to meet accreditation requirement -- or for those who have already achieved accrediation -- the loss of it. Closure of schools would be a very real possibility. The results would include decreased attendance and participation by students and an adverse affect on school climate.

Because ISEP is the basic support for BIA-funded schools and because of the federal government's responsibility for education of Indian children, we request the Congress to seriously consider exempting all Indian education programs from the affects of Gramm-Rudman-Hollings.

The Bureau of Indian Affairs needs to be reminded of its existing policies of consultation as required in CFR 25, Part 32. These policies were not "accidentally" developed through the budget process -- but were developed by a task force after the passage of PL 95-561. The policies are a product resulting from an extensive hearing and consultation process.

On behalf of the Board of Directors for the National Indian School Board Association and its membership, I thank you for your past support and for this opportuntiy to communicate our concerns to you once again.

Mr. **Taylor**. Jane?

Ms. **Wrenn**. I am sure you want to go home, but if you would just wait a minute.

I believe you testified that the fiscal year 1986 estimate of weighted student units by the Bureau which appears in their budget of $69,824 is off and is low; therefore, making your per-dollar weighted student unit lower than the estimated $2,226.

Ms. **Taylor**. I didn't say that the weighted student units were off. I am just saying that what I have seen—from what I have seen in the summary that I had a chance to look at last week, the weighted student units were pretty close to what they were estimating for 1986. What is off is the base value, and I am not sure where the discrepancy lies.

Ms. **Wrenn**. OK. Based on your experience, then, would you say that the weighted student unit count that the Bureau comes up with is pretty accurate for each fiscal year?

Ms. **Taylor**. I think that it has been pretty accurate. What I am concerned about is the fact that the base value has turned out so much less this year than what they estimated.

Ms. **Wrenn**. They estimate they would give you $1 extra in fiscal year 1987 and then take away 25 percent of that. What would be the recommendation of the School Board Association, or if you could get it for us, on the actual dollar need per weighted student unit?

Ms. **Taylor**. I think collectively the associations could work on and submit something for you.

Ms. **Wrenn**. Could you? If not for this hearing, for future working—we'd appreciate it.

Ms. **Taylor**. Sure.

Mr. **Taylor**. Possibly even the Appropriations Committee.

Ms. **Wrenn**. Thank you very much, Carmen.

Ms. **Taylor**. Thank you.

Mr. **Taylor**. Thank you all very much. That concludes our hearing for today, and the committee will stand adjourned.

[Whereupon, at 4:20 p.m., the committee adjourned.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 14, 1986

The Honorable Mark Andrews
Chairman
Senate Select Committee on
Indian Affairs
838 Hart Senate Office Bldg.
Washington, D.C. 20510

Dear Mr. Chairman:

The budget proposals made by the President to provide services to American Indians and Alaska Natives during FY 87 greatly reduce the committment to education, health, housing and social services. In Alaska, we are particularly alarmed that Alaska Natives and the State of Alaska have been singled out as a matter of policy for severe reductions in services through the Bureau of Indian Affairs (BIA). The Bureau is recommending a reduction of $12.0 million for financial support of programs in Alaska, apparently justified because of the implementation of the Alaska Native Claims Settlement Act (ANCSA) and the previous assumption by the State of greater responsibility for education and welfare programs.

The cuts proposed by the Bureau in Alaska are to occur in the following areas:

Program	$000	FTE*
Indian Child Welfare Act Grants	$ -710	--
Small Tribes Core Management Grants	-679	--
ANILCA Programs	-700	-10
ANCSA Cemetary/Historical Sites	-1,568	-20
Facilities Management	-1,248	-7
Tribe/Agency Operations	-6,336	-32
Housing	-797	-3
Total	$-12,038	-72

* Full Time Equivalency Positions

We are concerned on two levels. First, the BIA has apparently reached this policy conclusion without consultations with either the Alaska Native community or the State of Alaska. In addition, we note that the 1985 study on the Alaska Native Land Claims Settlement Act still has not been finalized by the Department of the Interior.

Section 23 of ANCSA, Review by Congress, directs the Secretary to submit annual reports to the Congress, and a major report was due in 1985 as directed by the following provision:

> At the beginning of the first session of Congress in 1985 the Secretary shall submit, through the president, a report of the status of the Natives and Native groups in Alaska, and a summary of actions taken under this Act, together with such recommendations as may be appropriate.

That report remains in draft form and to our knowledge, policy recommendations have never been finalized. Further, during the preparation of the report and subsequent field hearings, considerable criticism was directed at the draft findings.

Congress has further expressed its concern about the relationship between Alaska Natives and the Federal government by providing in section 2 of ANCSA, Declaration of Policy, subparagraph (g) "no provision of this Act shall be construed to terminate or otherwise curtail the activities of the Economic Development Administration or other Federal agencies conducting loan or loan and grant programs in Alaska." In our view, the report was a vehicle mandated by the Congress for the orderly and public examination of ANCSA effects, and provided a forum to examine such policy options as are now being recommended by the Administration. By its actions, the Administration appears to have pre-empted the expressed directions of the Congress and the opportunity for the Congress and the public to review the effects of ANCSA prior to considering the actions now being advocated by the Department of the Interior.

Second, we are concerned that the programs proposed for reduction and/or termination are not related to the State's previous assumption of education and public assistance functions. They are more directly related to the maintenance of those programs designed specifically to serve not only the human resource needs but also the historical and cultural needs of the Alaska Natives within a framework of self-determination through traditional Native structures.

As the Department recognizes, the State of Alaska has assumed those education and public assistance programs that can be assimilated into the general service delivery system of state government. The termination of these additional services would not necessarily result in the same assumption by the State and are fundamentally different in character. Any redirection or termination of such services by the BIA or Congress should not be made on the premise that they will automatically be continued by the State.

Mr. Chairman, we would also like to express our concerns about other policy initiatives proposed by the President. The Indian Health Service (IHS) proposals would result in a moratorium on hospital and clinic construction, as well as in a phasing in of a redistribution of IHS resources. These policy proposals create a lot of uncertainty about the future availability of health services and seem to ignore the conditions that exist in areas where access to and availability of health services remain a critical issue that might only be made more difficult as a result of these new policy approaches. We recommend that the proposals be thoroughly examined in consultation with affected Alaska Natives with health care organizations before they are permitted to move forward.

Johnson-O'Malley education services are proposed for transfer to the United States Department of Education from the BIA. While we have registered our strong feelings about the policy of the BIA toward Alaska, nevertheless the education proposal must be regarded on its own merits. We believe this proposal needs to be examined to ensure that the intent of the program will not be weakened but will be strengthened by any Administrative restructuring.

The Administration's housing proposal, as we understand it, is basically for no commitments to new construction and for use of a voucher program to replace public and Indian Housing programs now administered through the Department of Housing and Urban Development. We do not believe this policy will work in areas where there is little available housing stock. Accordingly, there is little realistic possibility that this approach will result in affordable and satisfactory housing being made available to rural Alaska Natives. We again suggest that these proposals be analyzed with participation from officials of the housing agencies, who are most knowledgeable about housing needs throughout Alaska.

In summary, we cannot endorse the Indian program policies that are evident in the Administration's FY 87 budget proposal. As the deliberations over the proposals continue, it is imperative that the Congress remain committed to these services in order to maintain the full range of programs that have been developed.

Thank you for the opportunity to comment.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

cc: Senator John Melcher
Senator Frank Murkowski
Senator Ted Stevens
Congressman Don Young
Commissioner Emil Notti
Commissioner John Pugh
Sandra Borbridge
Bill Parker
Janie Leask (AFN)
John Shively (AFN)
Barbara Morse-Quinn (ASHA)

TESTIMONY

Submitted to:

Senate Select Committee on Indian Affairs

United States Senate

Mark Andrews, Chairman

Submitted by:

American Indian Scholarships, Inc.

Albuquerque, New Mexico

Lorraine P. Edmo
Executive Director

Mr. Chairman and Members of the Committee:

My name is Lorraine Edmo and I am the Executive Director of American Indian Scholarships, a national, non-profit organization whose purpose is securing financial support for American Indian and Alaska Native students attending graduate and professional schools throughout the country. Today I am appearing to ask for your support in saving the Bureau of Indian Affairs Special Graduate Scholarship Program by restoring funding to the BIA's Indian graduate program in the 1987 budget.

American Indian Scholarships is one of two Indian organizations which has contracted to administer the BIA's two Indian graduate programs. American Indian Scholarships has administered the Special Graduate Scholarship Program since 1972. We assist graduate students in all fields except law. The American Indian Law Center has administered the BIA's Indian Law Program since 1972 as well. Last December the BIA combined these two graduate programs to begin in the 1986-87 academic year and will now contract with only one organization to operate the combined programs. Whichever organization receives the contract in the future, the BIA's graduate education program should not be ended.

Today, the announced goal of the federal government in carrying out its trust responsibility to American Indian tribes and Alaska Native groups is to promote tribal economic development and self-sufficiency. We consider the BIA's graduate program to be one of the best investments the federal government can make in providing the trained Indian professionals needed by tribes to improve their reservation economies and to lessen their dependence on the federal government. Every tribe is in need of Indian doctors, lawyers, business leaders, educators, natural resource managers and other highly educated Indians. Only by having their own people trained in these critical areas will Indian tribes ever attain the economic self-sufficiency which they want even more than the federal government.

Therefore, if the federal government is sincere in its declarations of improving tribal economies, it should continue its support of Indian graduate education. We feel that our former fellowship recipients are testimony to the high caliber of Indian people who have been assisted over the years by the BIA's graduate programs. Many of them now hold responsible positions within their tribes or communities, as well as with states, the federal government and private industry.

Unfortunately, the Administration has not requested any funds for the BIA's Indian graduate program in its 1987 budget. Therefore, most of the 330 graduate students now receiving assistance from AIS and the law program, as well as those who would be starting their graduate studies in 1987-88, will not be able to attend graduate school unless these funds are restored.

Therefore, it is extremely important that funding for this graduate program be continued. Most Indian students from federally-recognized tribes would not be able to obtain graduate-level degrees without the BIA's program. I would like to point out that this is a supplemental program, providing only partial support for the students assisted. Applicants are required to apply for all the campus-based aid for which they may be eligible. Graduate students are eligible for only a limited amount of state provided aid which is also being cut back. Indian graduate students participate in the regular college loan programs like thousands of other college students. These state administered loan & grant programs are also in jeopardy of being cut. The condition that makes the BIA's program critical to Indian graduate students is that most of their families cannot contribute to their college education. As many of you are aware, reservation economies are very depressed, with unemployment ranging from 40 to 80%. The BIA graduate program, therefore, is the difference in most Indian students being able to obtain graduate and professional education degrees.

Current AIS Costs and Needs

Even the BIA's graduate program does not meet the full need in this area. For the 1985 summer term, AIS could only assist 22 of the 100 applicants from our federal and private sources. The other 78 students were denied due to lack of funds. Funding had to be restricted to those in a year-round course of study or those graduating at summer's end. Our unmet summer need was an estimated $150,000.

For the current 1985-86 academic year, AIS has only been able to assist 194 of the 446 applicants. The need of the eligible applicants we had to deny was $301,500. There were also 56 students who were given only partial assistance due to our lack of funds but who still needed $83,400. Therefore, out total unmet need for the 1985 summer term and this academic year is over half a million dollars.

The 194 Indian graduate students we are serving are from 75 Indian tribes and Alaska Native groups. They attend 99 colleges and universities in 32 states and Canada.

Transfer of Title IV (Part B)

Although the Administration has not requested any funding for the Special Graduate Scholarship Program in Fiscal Year 1987, it is proposing to consolidate its graduate scholarship program with the Department of Education's Indian Fellowship Program funded under Title IV (Part B). I understand that this consolidation and transfer of funding would require new authorizing legislation from Congress and that it is unlikely that this legislation could be passed prior to the next fiscal year. Already a number of Indian groups and tribes are opposing this transfer.

If this plan were to take effect in the FY 1987 budget, there would be less funding for American Indian and Alaska Native graduate students. The Title IV fellowship program is currently serving an estimated 165 students with a funding level in FY '86 of around $1.4 million. When this is combined with the estimated $2 million from the BIA's Special Graduate Scholarship Program, the amount available for the 1985-86 academic year was $3.4 million.

In FY '87, the BIA claims there will be $2 million available, presumably from the DOE appropriations. If this amount were appropriated, then Indian graduate students would have $1.5 million less in scholarship aid in the 1987 budget. This means that an estimated 150 to 200 Indian graduate students would not be served, and they would not have any other source of funding available for graduate education.

Recommendations

I have three recommendations I would like this committee to consider in developing the 1987 budget and policy. We would like these recommendations included in your support of favorable funding for the BIA's Special Graduate Scholarship Programs.

First, we want to see restoration of funding at the 1986 level of $1,939,000 for the BIA's Special Graduate Scholarship Programs in the 1987 budget.

Secondly, we want the BIA's Graduate Scholarship program to be exempt from any further budget cuts due to the Gramm-Rudman-Hollings Act.

Third, we want the Title IV Indian Fellowship Program to remain in the Department of Education in FY 1987. We want to be consulted about any proposed program transfers in the future and on funding levels for new graduate fellowship programs.

I appreciate the deep concern this committee has expressed for American Indian graduate education, and I would like to thank you for allowing me the opportunity to submit this testimony.

Respectfully submitted,

Lorraine P Edmo

Lorraine P. Edmo
Executive Director
American Indian Scholarships, Inc.

American Indian Scholarships, Inc.

Statistical Reports on 1985-86 Fellows

This is a report on the 194 graduate fellowships AIS has awarded to American Indian and Alaska Native students as of February 1986. The report on the 1985-86 academic year will not be final until July 1986.

Report No. 1: Fields of Study

Of the 194 fellows, 122 (or 63%) are pursuing advanced degrees in the BIA's five priority fields of health, business, education, natural resources, and engineering.

Fields of Study:	Doctorates:	Masters:	Cert.:	Totals:
1. Health & Related Fields				
Medicine	8 M.D.			8
Dentistry	3 D.D.S.			3
Public Health		6 M.P.H.		6
Other Health Fields	4 Ph.D.	10	1	15
				32 (17%)
2. Business & Related Fields				
Business Administration		10 M.B.A.		10
Public Administration	1 Ph.D.	8 M.P.A.		9
Urban & Regional Planning		1		1
Other Business Fields		6		6
				26 (13%)
3. Natural Resources & Related Fields				
Agricultural Studies	1 Ph.D.			1 (.5%)
4. Engineering & Related Fields				
Architecture		1		1 (.5%)
5. Education & Related Fields	23 Ph.D.	35	4	62 (32%)
6. Public Affairs & Services				
Social Work	2 Ph.D.	18		20
Counselling		5		5
Corrections		2		2
				27 (14%)
7. All Other Fields	8 Ph.D.	36	1	45 (23%)
TOTALS:	50 Doctorates (26%)	138 Masters (71%)	6 Cert.'s (3%)	194

Report No. 2: State & Tribal Representation

The 194 fellows represent 75 Indian tribes and Alaska Native groups from 21 states.

Alaska: 4

Athapascan	1
Eskimo	1
Tlingit	2

Arizona: 19

Hopi	3
Hualapai	1
Navajo	12
Pima-Maricopa	1
San Carlos Apache	1
White Mountain Apache	1

California: 4

Hoopa	1
Pomo	1
Pit River	1
Santa Rosa Band	1

Idaho: 2

Shoshone-Bannock	1
Coeur d' Alene	1

Kansas: 1

Sac & Fox of Missouri	1

Maine: 1

Penobscot	1

Michigan: 5

Bay Mills Chippewa	1
Hannaville Potawatomi	1
Keweenaw Bay Chippewa	1
Ottawa-Potawatomi	1
Ste. Sault Marie Chippewa	1

Minnesota: 8

Lower Sioux	1
Nett Lake Chippewa	1
Red Lake Chippewa	2
White Earth Chippewa	4

Montana: 13

Assiniboine & Sioux	6
Blackfeet	4
Chippewa-Cree	2
Gros Ventre	1

Nebraska: 4

Omaha	2
Santee Sioux	1
Winnebago	1

Nevada: 2

Shoshone-Paiute	1
Te-Moak Western Shoshone	1

New Mexico: 10

Acoma Pueblo	2
Laguna Pueblo	4
San Juan Pueblo	1
Santa Clara Pueblo	1
Santo Domingo Pueblo	2

New York: 7

Oneida	1
Seneca	6

North Carolina: 1

Eastern Cherokee	1

North Dakota: 11

Three Affiliated Tribes	4
Turtle Mountain Chippewa	7

Oklahoma: 50

Cherokee	11
Cheyenne & Arapaho	1
Choctaw	7
Citizen Band Potawatomi	2
Comanche	9
Creek	5

Oklahoma (Cont.)

Kickapoo	1
Kiowa	9
Osage	1
Otoe-Missouria	1
Pawnee	3

Oregon: 1

Umatilla	1

South Dakota: 25

Cheyenne River Sioux	1
Crow Creek Sioux	3
Oglala Sioux	11
Rosebud Sioux	6
Sisseton-Wahpeton Sioux	1
Standing Rock Sioux	2
Yankton Sioux	1

Washington: 11

Clallam	1
Colville	3
Makah	1
Squaxin Island	1
Yakima	5

Wisconsin: 13

La Courte Oreilles	2
Lac du Flambeau Chippewa	2
Menominee	1
Oneida	7
Stockbridge-Munsee	1

Wyoming: 2

Shoshone & Arapahoe	2

Report No. 3: Colleges & Universities of Attendance

The 194 AIS fellowship recipients are attending
99 colleges and universities in 32 states and Canada.

Alabama: 1 Fellow

U.S. Sports Academy	1

Alaska: 1 Fellow

University of Alaska	1

Arizona: 9 Fellows

Arizona State University	5
Northern Arizona University	2
University of Arizona	2

Arkansas: 1 Fellow

University of Arkansas	1

California: 19 Fellows

California Baptist College	1
California State Univ./Chico	1
Calif. State Univ./Long Beach	2
Golden Gate Bap. Theo. Sem.	1
Humboldt State College	1
John F. Kennedy University	1
San Francisco Theo. Seminary	1
San Jose State University	1
Stanford University	2
Univ. of California/Berkeley	3
Univ. of California/Los Angeles	2
Univ. of California/Santa Barbara	2
Univ. of Southern California	1

Colorado: 8 Fellows

Colorado State University	1
University of Colorado	1
University of Colorado/Denver	3
University of Denver	3

District of Columbia: 1 Fellow

The American University	1

Georgia: 2 Fellows

Emory University	2

Hawaii: 1 Fellow

University of Hawaii/Manoa	1

Illinois: 3 Fellows

Loyola University of Chicago	1
Southern Illinois University	1
University of Illinois	1

Iowa: 2 Fellows

Univ. of Dubuque Theo. Seminary	2

Kansas: 4 Fellows

Kansas University	1
Kansas State University	1
Washburn University	1
Wichita State University	1

Louisiana: 1 Fellow

University of New Orleans	1

Massachusetts: 9 Fellows

Cambridge College	1
Harvard University	6
Southeastern Massachusetts Univ.	1
University of Massachusetts	1

Michigan: 4 Fellows

Andrews University	1
Michigan State University	1
Wayne State University	1
Western Michigan University	1

Minnesota: 8 Fellows

Mayo Medical School	1
University of Minnesota	7

Missouri: 2 Fellows

Logan Chiropractic	1
Washington University/St. Louis	1

Montana: 6 Fellows

Eastern Montana College	1
Montana State University	3
Northern Montana College	1
University of Montana	1

Nebraska: 5 Fellows

University of Nebraska	2
University of Nebraska/Omaha	3

New Mexico: 11 Fellows

New Mexico State University	1
University of New Mexico	10

New York: 3 Fellows

Cornell University	1
Pace University	1
Syracuse University	1

North Dakota: 6 Fellows

North Dakota State University	1
University of North Dakota	5

Oklahoma: 29 Fellows

East Central University	1
Oklahoma City University	2
Oklahoma State University	2
Oral Roberts University	2
Northeastern Oklahoma State Univ.	1
Northeastern State University	4
Southeastern Oklahoma State Univ.	2
Southwestern Oklahoma State Univ.	2
University of Oklahoma	13

Oregon: 5 Fellows

Lewis & Clark College	1
Portland State University	1
University of Oregon	2
Western Oregon State College	1

Pennsylvania: 2 Fellows

Pennsylvania State University	1
University of Pennsylvania	1

South Dakota: 9 Fellows

Northern State College	1
University of South Dakota	8

Texas: 4 Fellows

Southern Methodist University	1
Texas A & M University	1
Trinity University	1
University of Texas/Houston	1

Utah: 12 Fellows

Brigham Young University	2
Southern Utah State College	1
University of Utah	7
Utah State University	1
Weber State College	1

Virginia: 1 Fellow

CBN University	1

Washington: 15 Fellows

Antioch University	2
Eastern Washington University	3
Heritage College	2
University of Washington	6
Washington State University	1
Whitworth College	1

Wisconsin: 8 Fellows

Cardinal Stritch College	1
University of Wisconsin	4
Univ. of Wisconsin/Milwaukee	2
Univ. of Wisconsin/Stevens Point.	1

Wyoming: 1 Fellow

University of Wyoming	1

Canada: 1 Fellow

Lakehead University	1

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STATEMENT OF
TOM TAILFEATHERS, CHAIRMAN
HEALTH AND HUMAN SERVICES COMMITTEE

BLACKFEET TRIBAL BUSINESS COUNCIL
AND
CHAIRMAN, MONTANA INTERTRIBAL POLICY BOARD

SUBMITTED TO
SENATE COMMITTEE ON INDIAN AFFAIRS
FY 1987 BUDGET OVERSIGHT HEARINGS

February 18, 1986

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to present the views of the Blackfeet Tribe of Montana and the Montana Intertribal Policy Board regarding FY1987 budget justifications submitted to Congress by the Administration for the Bureau of Indian Affairs, Indian Health Service and Title IV (Indian Education).

The Montana Intertribal Policy Board, which I chair, includes representation from the seven reservations in the State --Crow, Tongue River, Ft. Peck, Ft. Belknap, Rocky Boys, Flathead and Blackfeet.

Let me emphasize at the outset that the Montana Tribes recognize clearly that the current deficit crisis calls for strong measures. Congress has responded to such crisis by the enactment of P.L.99-177, the Balanced Budget and Emergency Deficit Control Act of 1985, more commonly referred to as Gramm-Rudman. However, we believe it is important to also emphasize that the unique relationship that exists between Indian tribes and the United States mandates the delivery of specified community services to Indians on the basis of their status as Indians and in fulfillment of a legal trust responsibility insuring the protection and enhancement of valuable Indian lands, water, minerals, timber and other related assets.

In addressing the Administration's FY1987 budget justifications for Indian programs, Congress is faced with the task of balancing the national interests related to the mandates embodied in Gramm-Rudman against the rights of Indian tribes, which flow from Federal-Indian relations, in such a way that the Indian programs are not disproportionately reduced. We are hopeful our statement will assist the Committee in fulfilling that task in a fair and equitable manner.

Our comments and recommendations by Agency follow:

INDIAN HEALTH SERVICE (IHS)

Montana Tribes were appalled and outraged upon learning of the Administration's blatant attempt to circumvent the minimal reductions imposed upon the IHS as an exempted program pursuant to Gramm-Rudman (1 percent in FY1986 and 2 percent in FY1987).

Although the 1986 IHS Gramm-Rudman cuts are relatively modest, the President's request seeks House and Senate appropriations committee approval for massive rescissions of 1986 appropriations in both health services and facilities construction. The 1986 Gramm-Rudman cuts and the President's proposed 1986 rescissions are then used to establish the 1987 base; and against this sharply reduced base, massive additional 1987 cuts are imposed.

Under the President's proposal, 1987 funding for health services and facilities construction will be $142,481,000 below the amounts provided in the 1986 Continuing Resolution (P.L. 99-190), a reduction of 16 percent over the two-year period. If IHS were merely subject to Gramm-Rudman, the two-year reduction would be only slightly more than 3 percent -- 1 percent in 1986 and 2 percent in 1987.

For 1986, the President's February 1 order sequesters appropriations in the amount of $10,429,000 for health services and $467,000 for facilities construction. These decreases become effective March 1.

In addition to these decreases, the President seeks to rescind 1986 appropriations in the amount of $24,262,000 for health services and $38,642,000 for facilities construction.

Combined, the 1986 reductions are $34,691,000 for health services and $39,109,000 for construction--a grand total of $73,800,000. This represents a combined decrease of 8.5 percent--far beyond the 1 percent reduction required by Gramm-Rudman and nearly twice the percentage reduction applied to the BIA's 1986 appropriations.

If Congress approves the rescission requests, the CHR and urban health programs would be terminated immediately. The facilities construction program would also be terminated by the end of the fiscal year. (The budget request indicates that construction outlays would continue in the amount of $65,523,000 in 1986 and $37,395,000 in 1987 until funds obligated for on-going projects are exhausted.)

On the Blackfeet Reservation, the targeted health work carried out by CHR's would be sharply curtailed, if not eliminated altogether, jeopardizing on-going curative and preventative programs. The same circumstances would prevail on the other Montana reservations if the proposed rescissions of FY1986 appropriations are allowed to stand.

If the appropriations committees fail to approve the rescission requests by mid-March, those requests are denied.

The President's request for 1987 shows an additional reduction of $61,125,000 for health services. Combined, the 1986 Gramm-Rudman cuts and proposed rescissions and the 1987 reductions for health services total $95,816,000, or 11.7 percent of the amount provided for in the Continuing Resolution (P.L. 99-190). With respect to facilities construction, no funds are requested for 1987.

Mr. Chairman, if the rescissions aimed at IHS for 1986 and the massive reductions proposed for 1987 are upheld by the Congress, we cannot envision how the newly-completed IHS hospital at Blackfeet can be adequately staffed and equipped to extend the quantity and quality of curative and preventative services required by our members. Health programs on the other Montana reservations and those across the country would be reduced to "life and death services".

To avert this potential Indian health disaster, the Blackfeet Tribe and Montana Intertribal Policy Board encourage the Committee to adopt the following course of action:

1. That the Senate Subcommittee on Appropriations for Interior and Related Agencies be encouraged to disapprove the Administration's proposed rescission of IHS FY1986 appropriated funds; and

2. That your Committee's report to the Senate Committee on the Budget support a level of funding for IHS in FY1987 that would be comparable to that provided by Congress in FY1986 adjusted for the Gramm-Rudman reduction of 2 percent.

Your Committee's adoption of the foregoing would help to maintain a level of IHS services in FY1986 and FY1987 that would be less devastating to our communities than the greatly reduced level the Administration's proposed rescissions would impose. IHS services are vital to the well-being of Indian people.

BUREAU OF INDIAN AFFAIRS (BIA)

In general, tribes (outside Alaska) may expect funding for operation of Indian programs in fiscal year 1987 to return to near-normal levels if the President's budget request is approved by Congress. At the same time, 1987 funding for the housing improvement and repair would be sharply reduced.

While the BIA's 1986 appropriations, which are not exempt from Gramm-Rudman, were ordered reduced by 4.3 percent effective March 1, the President's budget request does not seek to rescind any 1986 BIA appropriations over-and-above the Gramm-Rudman cuts.

Montana tribes are, however, concerned over the stability of funding in FY1987 for general assistance welfare and Indian child welfare payments. You are aware that, for policy and jurisdictional considerations, the BIA extends general assistance payments to needy Indians on reservations in eighteen States, including the seven reservations here in Montana. On the Blackfeet Reservation, the unemployment rate during the prolonged and inclement winters often exceeds 80 percent. For scores of Indian families, the general assistance payments represent the only source of income to support food, shelter and utility needs. Similar circumstances prevail on other reservations in the State as well.

Under BIA regulations, general assistance payments are pegged to standards governing Aid to Families with Dependent Children (AFDC).

The general assistance payment program takes on added significance for Indian people in our State by virtue of the extent of tax exempt Indian lands and the inability of the tribes to raise revenues to fund this basic program. We are alarmed over the reports that the general assistance program nationally may encounter a $3.8 million shortfall in 1986 due to the excessive needs, and will address this matter in our recommendations.

We have a further concern that the Indian Child Welfare Program might become the target for deep budgetary cuts. This program is vital to the placement of children in foster home settings on our reservation. Unfortunately, these children are the innocent victims of social disintegration and the breakup of family units. This program insures the placement of these children in a stable home environment and an opportunity for healthy physical and psychological development.

Also, our tribe and the Policy Board wish to draw the Committee's attention to the Indian Child Welfare Act grants and the need to maintain this program at a reasonable level. These grants have enabled our tribe to return displaced children to their rightful parents together with other constructive actions.

In the area of education, both our tribe and the Policy Board oppose the President's proposal to transfer the Johnson O'Malley program ($20,500,000) to the Department of Education and the transfer of Title IV, Part B, ($11,500,000) to the BIA, effective 1987. We are perplexed that the President's Administration on the one hand will proclaim its support for the concept of Indian self-determination, and, on the other hand, the same Administration proposes to strip an integral provision from P.L. 93-638, the Indian Self-Determination and Education Assistance Act.

Through the reforms brought to the Johnson O'Malley program under P.L. 93-638, the funds were redirected from basic support in public schools educating Indian children to supplementary programs and authority for the establishment of parental committees to give Indian parents a meaningful voice in the school systems educating their children. Also, the reforms authorized tribes to contract with BIA for the control and administration of this program. The proposed transfer of Johnson O'Malley to the Department of Education is silent on the right of tribes to continue to contract for control of the program.

We are intrigued with the 1987 request that proposes to transfer $295,088,000 from traditional programmatic activities to the new tribe/agency activity and to place certain Area Office direct services under this activity. More detailed information is promised by the BIA. If the proposal withstands close scrutiny, it could afford tribes and agencies far greater flexibility and control over program planning and use of funds.

It should also give the tribes and Congress a clearer picture of the share of funds allocated to, and controlled at, the reservation level. It may also help protect tribe/agency budgets and 638 contracts from chronic diversions of funds to the central and area offices.

There are crucial differences between this initiative and the ill-fated block-grant proposal of a few years ago. The old proposal would have made block grants of tribe/agency monies which were distributed among several programmatic activities. These amounts were not protected by line-item treatment in the President's budget submission to Congress. Lacking this protection, the monies granted to the tribes could be less than the amounts that were reported for tribe/agency operations in the BIA budget justification. Under the old proposal, the BIA intended to impose a 25 percent reduction on program monies for those programs which it included in its block-grant proposal. Tribes naturally refused this astonishing invitation to enlist in their own destruction.

This latest initiative clearly affords tribes greater protection, since the funds would be treated as a line-item in the President's budget request. In our view, the funds for the tribe/agency activity need to be safeguarded in the appropriations statute itself.

With respect to Title IV Indian education programs we urge you to examine the 1987 funding levels carefully to insure that the integrity of these important programs will be maintained.

Indian tribes to a large extent must rely on Federal funds to support vital governmental services - tribal courts, law enforcement, road construction and maintenance, general welfare assistance and child welfare protective services, educational programs and other social and economic endeavors. These services are extended to the general population through State and local units of governments and are financed through a combination of Federal funds and State and local tax revenues.

We wish to emphasize that Blackfeet and other Montana tribes who realize income from their natural resources dedicate a substantial share of such income to the support of government services to supplement not supplant Federal funds.

The Blackfeet Tribe and the Montana Intertribal Policy Board offer the following recommendations with respect to BIA budgets for FY1986 and FY1987:

1. That the Committee support an amendment to P.L. 99-177 that would exempt BIA's budgets, commencing in FY1987, from reductions under that law; or, at the very least, an amendment that would exempt general assistance payments and child welfare programs (on the same basis as AFDC), Indian education and all trust-related programs;

2. That the Committee support a supplemental to fund any shortfall for general assistance payments in FY1986 rather than force BIA to make ratable reductions in payments to needy Indians;

3. That the Committee vigorously oppose any proposed legislation to transfer the Johnson O'Malley program from BIA to the Department of Education in return for certain of their programs;

4. That the Committee support the inclusion of statutory language in the FY1987 appropriation bill that would maintain the integrity of the new tribe/agency concept ($295,088,000) as a tribal priority-setting process and that would insulate the appropriations from being siphoned away by various administrative echelons of the BIA; and

5. That the Committee continue to support all Federal actions that will enhance and foster the policy of Indian self-determination.

The Blackfeet Tribe and Montana Intertribal Policy Board appreciate the opportunity to submit our written views for the Committee record regarding budget justifications for several Federal agencies under your jurisdiction.

Council of Energy Resource Tribes
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(303) 832-6600

STATEMENT OF COUNCIL OF ENERGY RESOURCE TRIBES

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

(OVERSIGHT HEARING)
FY '87 BUDGET

FOR THE

BUREAU OF INDIAN AFFAIRS

FEBRUARY 18, 1986

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Executive Director:
A. David Lester

1975 - 1985
Celebrating a Decade of Achievement

The Council of Energy Resource Tribes (CERT) is a tribal organization as that term is used in the Indian Self-Determination Act of 1975. The governing body of CERT is composed of 41 federally recognized Indian tribes. These tribes represent over one-half of all the Indians living on reservations today, and some 60% of all reservation land in the United States.

Formed in 1975 to provide professional and technical services to its member tribes, CERT has grown from 25 member tribes to its present membership of 41 tribes and presently provides professional services, not only to its member tribes but to other tribes as well.

With a small core staff of dedicated professionals, the organization possesses expertise in geology, geophysics, drafting, accounting, economics, business management, and the environmental sciences. CERT staff members have been appointed by two Presidents to head federal agencies and have managed mineral and mining operations, and financial activities around the world. The former chairman of CERT is presently serving the current President as the Assistant Secretary for Indian Affairs in the U.S. Department of the Interior. The organization's fund raising activities have raised more than $2 million from the private sector for the education and training of Indian students in engineering, science and business.

The CERT organization and its governing tribes have worked closely with the Congress in much of the national, landmark energy legislation of the last ten years, and these legislative efforts have benefited from this cooperative relationship. Such national legislation as the Safe Drinking Water Amendments Act; the Natural Gas Policy Act of 1978; the Federal Oil and Gas Royalty Management Act of 1982; the Crude Oil Windfall Profits Tax Act of 1980; the Indian Mineral Development Act of 1982; the Federal Insecticide, Fungicide and Rodenticide Act; the Indian Tax Status Act of 1982; and the Nuclear Waste Policy Act of 1982 have all specifically addressed the unique legal status of Indian tribes in this country, and have recognized the substantial contributions which Indian lands make to the nation's domestic energy production.

The annual energy production from the lands of the CERT tribes is equivalent to more than 132 million barrels of oil, and sustaining this production provides thousands of full-time jobs in the private sector, and contributes some $2.6 billion to the nation's balance of trade by displacing its equivalent in imported oil.

The tribes which make up the Council of Energy Resource Tribes are pleased, therefore, to have this opportunity to present their views to this Committee on matters which are not only of utmost concern to them, but which vitally affect a significant portion of the nation's economy.

As is clear from the above list of legislation that has recognized the unique status of Indian lands, and the governmental authorities of Indian tribes, much has been accomplished in the ten years since CERT was formed.

REQUEST NOT FOR ADDITIONAL APPROPRIATIONS, BUT FOR ADHERENCE TO POLICY

CERT appears here today, not to request any additional appropriations, nor to suggest any further legislation. Rather, CERT appears here to discuss some of the obstacles that remain in achieving the policy objectives that the Congress and the President have set forth unequivocally. The Indian Self-Determination Act states explicitly:

> ". . . The Congress hereby recognizes the obligation of the United States to respond to the strong expression of the Indian people for self-determination by assuring the maximum Indian participation in the direction of . . . Federal services to Indian communities so as to render such services more responsive to the needs and desires of those communities.
>
> The Congress declares its commitment to the maintenance of the Federal Government's unique and continuing relationship with and responsibility to the Indian people through the establishment of a meaningful Indian self-determination policy which will permit an orderly transition from federal domination of programs for and services to Indians to effective and meaningful participation by the Indian people in the planning, conduct, and administration of those programs and services."

The President of the United States has reaffirmed his Administration's commitment to this policy, and to scrupulous regard for the fiduciary nature of the government's relationship with Indian tribes. In his Indian policy statement of January, 1983, President Reagan said:

> "This Administration believes that responsibilities should be restored to the governments which are closest to the people served. This philosophy applies not only to state and local governments, but also to federally recognized Indian tribes.
>
> * * *
>
> In support of our policy, we shall continue to fulfill the federal trust responsibility for the physical and financial resources we hold in trust for the tribes and their members. The fulfillment of this unique responsibility will be accomplished in accordance with the highest standards."

The policy is acknowledged; the Congress has written it into law; the President has embraced it; and the statutes are in place to make it a reality. The problem is that many of the federal agencies charged with executing these laws have chosen to ignore both the Congress and the President.

MINERALS MANAGEMENT SERVICE (MMS)

The Federal Oil and Gas Royalty Management Act (FOGRMA) provides in clear and concise language that "the Secretary shall aggressively carry out his trust responsibility in the administration of Indian oil and gas." 30 U.S.C. 1701(a)(4). The same point is driven home in the following section of that act:

> (b) It is the purpose of this chapter -
> (4) to fulfill the trust responsibility for the administration of Indian oil and gas resources; and
> (5) to effectively utilize the capabilities of the States and Indian tribes in developing and maintaining an efficient and effective Federal royalty management system. 30 U.S.C. 1701(b)(4),(5).

These provisions of the law are being simply ignored. Far from carrying out his trust responsibility, whether aggressively or otherwise, the Secretary's agents have instructed many producers of oil and gas from Indian lands to refrain from submitting any additional production information. These agents of Minerals Management Service have likewise advised the tribes and the Bureau of Indian Affairs (BIA) that MMS has simply chosen not to provide accounting and/or auditing services for what the agency has chosen to refer to as NPSL (Net Profit Share Leases).

Again, the law could not be more clear on the subject. The statute itself provides that:

> "'lease' means any contract, profitshare agreement, joint venture, or other agreement issued or approved by the United States under a mineral leasing law that authorizes exploration for, extraction of, or removal of oil or gas;" 30 U.S.C. 1702(5).

The agency charged with the execution of this law, however, is busily designing an automated system for royalty accounting on all federal and Indian leases, and has chosen not to inconvenience itself with the very agreements that should return the greatest revenue to the mineral owners, those that provide for a share of the profits of the operations on their lands.

The CERT tribes consider this posture to reflect an outrageous disregard for the intent of the Congress, the letter of the law, and the policy of the President.

In its proposed rules for valuation of minerals produced from federal and Indian lands, the Minerals Management Service has demonstrated the same predilection for elevating administrative convenience of the agency over the requirements of the law that the Secretary "aggressively carry out his trust responsibility in the administration of Indian oil and gas." The Minerals Management Service has proposed to apply the same standards for product valuation on federal leases and Indian leases, explaining that "The basic premise underlying the method is that value is best determined by the interaction of competing market forces. Because the proposed valuation method would secure for the Indians and Federal government a fair and just return . . ., it obviates the need to treat Indian lands differently from Federal lands." The CERT tribes will be responding in detail to the proposed rules for production valuation but take this opportunity to point out that the agencies of the Interior Department are attempting to undo by the administrative rule-making process all the progress that has been made in the Congress in recognizing that federal and Indian lands are not the same, and that the federal government is a landowner in the one case and a fiduciary in the other.

As a landowner, the federal government can do what it pleases with its property, subject to the property clause of the Constitution vesting that authority in the Congress. As a fiduciary, however, the government is not allowed to be so cavalier in its administration of Indian trust properties. If value for the government's purposes on production from federal leases "is best determined by the interaction of competing market forces," such criteria cannot be so blithely applied to those properties the government holds in trust. For, as Justice Cardozo reminded us, "A trustee is held to something stricter than the morals of the marketplace."

The CERT tribes are confident that they could work constructively with the Minerals Management Service and with the other agencies of the Department of the Interior to give meaningful interpretation to the execution of these laws. That, too, is required by the law itself. The Congressionally stated purpose of the Federal Oil and Gas Royalty Management Act included "the purpose . . . to effectively utilize the capabilities of the . . . Indian tribes in developing and maintaining an efficient and effective Federal royalty management system." 30 U.S.C. 1701(b)(5).

The agencies have thwarted that purpose effectively to date. The tribes have not been allowed to utilize their capabilities in the development of this system. The agency has insisted upon treating federal and Indian lands as if they were the same. The agency has consistently refused to provide the tribes with production and other data needed to verify production and accounting reports, notwithstanding that the act requires this information to be made available. And the agency has proposed to make allowances for producers of minerals from federal lands, and to require through regulation that Indian mineral owners accord those allowances to producers from Indian lands as well.

BUREAU OF LAND MANAGEMENT

The Bureau of Land Management (BLM) also has significant responsibilities under the Federal Oil and Gas Royalty Management Act (FOGRMA), and this agency, too, has elected to treat federal and Indian lands as if they were the same. BLM has proposed a unitary set of regulations to govern oil and gas operations on both federal and Indian lands, and this agency is clearly leaning toward a policy that relies more heavily on operator self-compliance and reporting of others' violations; inspections will be reduced; penalties will be reduced; and the burden of proof for sustaining the imposition of penalties will be shifted to the government. Again, if this arrangement is satisfactory to the government for production from federal lands, it emphatically does not represent a vigorous discharge of the trust responsibility to Indian tribes and individuals.

OFFICE OF SURFACE MINING

This agency has yet to comply with the requirements of the Congress to present proposed legislation to implement Section 710 of the Surface Mining and Reclamation Control Act (SMCRA), and there is no indication that this matter enjoys any priority within the Department. Notwithstanding the continued absence of implementing legislation for Section 710, the CERT tribes are convinced that much can be done under existing legislation to improve the climate for reclamation and enforcement activities on Indian lands; to clarify the respective spheres of jurisdiction of OSM, the states, and the tribes themselves; and to improve the administration of Indian monies in the abandoned mine land fund.

FEDERAL AND INDIAN LANDS ARE NOT THE SAME

All these issues can be addressed and all these problems could be resolved if the Department would simply recognize what the law has made clear; namely, that federal and Indian lands are not the same. That is precisely why there is a Section 710 in SMCRA; why the Secretary's trust responsibility is specifically addressed in FOGRMA; why Indian tribes are treated as states for purposes of the Nuclear Waste Policy Act; and why the unique status of tribes is addressed in the Windfall Crude Oil Profits Tax Act and in the Natural Gas Policy Act. The distinctions which exist in the law, and which the Congress has so scrupulously drawn in the legislation of the last ten years, simply must not be allowed to be blurred by agency actions through the administrative rule-making process; and the nation's trust responsibility must not be sacrificed on the altar of administrative convenience.

BUREAU OF INDIAN AFFAIRS

The Bureau of Indian Affairs (BIA) has requested an appropriation of $15,328,000 for Minerals & Mining/Irrigation & Power in fiscal year 1987. The CERT tribes are not urging a larger appropriation for this activity or for any activity. We realize the importance of the Administration's and the Congress' determination to reduce the staggering federal deficit, and understand that no federal program can be spared merely because of its importance to any particular group, including the member tribes of the Council of Energy Resource Tribes.

The CERT tribes do take vehement exception, however, to the manner in which much of this program is administered. In the Budget Justifications which the Bureau submitted to the Congress in support of its FY '86 budget request, the BIA took specific note of the substantial accomplishments which the CERT tribes have achieved through their organization. The Bureau pointed out not only the assistance which the tribes' organization has provided to the government itself in environmental protection of other reservations, but also the productive results which have been achieved in product valuation, land and resource evaluation, and the successful renegotiation of rights-of-way for major transmission corridors.

The BIA does does not recite one single instance of value added or revenue generated by its contracts with the USGS or the Bureau of Mines. Yet, the BIA proposes to continue those contracts, and has advised the CERT tribes that it intends to reduce their contract by more than 40% in FY '86.

The tribes which comprise the Council of Energy Resource Tribes particularly resent monies appropriated for Indian programs to be utilized year after year as career insurance premiums for employees of other federal agencies. The contracts with the U.S. Geological Survey and with other agencies of the Interior Department for the conduct of mineral inventories and surveys have never been negotiated, much less competed. The CERT tribes do not question the importance of such surveys; they do question, however, the effectiveness of these contracts with respect to price, scope of work to be performed, and usefulness of the products of these contracts. What we have here, in effect, is a set of sole source contracts in perpetuity.

The CERT tribes also question the $500,000 per year contract the BIA has entered into with the Bureau of Mines to send monthly reports to Indian mineral owners. While we applaud the interest the BIA has recently shown in attempting to inform Indian mineral owners of the production from their lands, this contract is churning out information generated by MMS that cannot be verified, is communicated in an unintelligible manner; and much of it is returned to the Bureau of Indian Affairs because envelopes cannot even be addressed properly. In fact, some 40,000 letters have been returned to the BIA's minerals office in the first six weeks of 1986.

TRIBAL PARTICIPATION - PRODUCTIVITY

The 41 tribes which comprise the Council of Energy Resource Tribes are by no means the only tribes in the country who have elected to take an active and vigorous role in the management and development of their resources and reservation economies. They do, however, by their membership, represent a self-identified group of Indian tribes who have adopted some common goals and guiding principles concerning the development of their economies, and the improvement of the standard of living for their people. Basic to these is the notion that passive consumerism of programs and services designed for their benefit is a self-engendering process that leads to nowhere. Experience has amply demonstrated the truth of this proposition in virtually every element of reservation life, from social services to education. And it is no less true with respect to the natural resources, both renewable and nonrenewable, of their reservations.

It has long been understood by the Congress that programs which emphasize increasing consumption rather than production have failed over many generations to reduce substantially the unemployment, school drop-out, low per capita income, and poor health rates of reservation living. That is precisely why the Congress has provided in recent legislation for increased tribal participation in and control of programs designed to address these problems in such acts as the Self-Determination Act; the Indian Child Welfare Act; and P.L. 95-561.

That is also precisely why the Congress has provided for increased tribal participation in minerals activities on reservations in such legislation as the Indian Mineral Development Act, the Surface Mining and Reclamation Control Act, and the Federal Oil and Gas Royalty Management Act. The agencies charged with implementing these acts, however, seem bent on replicating every mistake the BIA has ever made. Programs and projects which have proceeded from an operating premise of "the government will 'do-for'" the tribes or their members have never succeeded in the transfer of skills or technologies to a tribe; the transfer of program direction or control to the tribes; the enhancement of local, tribal employment; or the reduction of financial leakages from reservation economies.

More than fifty years ago, Felix Cohen, as the Solicitor of the Interior Department, wrote of the prevailing attitude among employees of the Indian service regarding tribal self-determination. They were all for it, he wrote, except for the educators who thought education was too important to be entrusted to the tribes, and except for the foresters who thought forestry was too important to be entrusted to the tribes, and so on and so on. That is precisely the attitude which characterizes the present-day attitude of the other Interior Department agencies, which are no less in the Indian service with respect to mining and minerals activities.

TRIBAL CONTROL MAKES SENSE IN DOLLARS AND CENTS

The Bureau of Land Management cannot possibly provide effective monitoring in the field of every oil and gas well on Indian lands. The agency has had to adopt a self-motivating rule that every site will be checked at least once a year. A well that produces 50 barrels per day could deposit more than 18,000 barrels of oil into a trout stream between inspections. Tribal members live there; they could provide these inspections. Many of them have qualified members now; others could be trained (transfer of technology and creation of jobs).

The U.S. Justice Department has argued twice before the Supreme Court of the United States in support of the right of Indian tribes to levy taxes on mineral production from reservation lands. The Supreme Court has vindicated that right. Assessing these taxes on production requires production data. The Minerals Management Service has refused to make that information available. The law protects the United States from any liability for wrongful disclosure of such information, 30 U.S.C. 1733(b). These taxes enhance tribal self-government and reduce federal dependency (prevent financial leakages).

The tribes which comprise the Council of Energy Resource Tribes are not wealthy. Enormous reserves of energy resources in the ground or committed to long-term leases do not necessarily translate into disposable dollars. Even the federal government, whose energy reserves dwarf those of the CERT tribes, has trouble making ends meet. Farmers and timber companies throughout the country own vast resources, but are not universally considered wealthy. By almost any socioeconomic indicator one might choose, the CERT tribes remain far less well-to-do than their non-Indian neighbors. It was precisely to improve these conditions and to take a more active and vigorous role in the management and development of these resources that the tribes came together to form the CERT organization.

For these tribes, however, their energy resources do constitute their principal source of potential wealth; their principal source of revenue to provide governmental services to their people and to reduce their dependence on federal support; their princpal source of jobs for their people, and their principal opportunity to develop, diversify, and stabilize their reservation economies. None of these potentials is likely to be realized if the Interior Department's agencies continue to deny these tribes the opportunity to participate in the development, direction and control of these programs.

TRIBAL CONTROL IS NOT INCONSISTENT WITH THE TRUST RESPONSIBILITY

As indicated above, both the Congress and the President have expressed complete support for the vigorous exercise of the nation's trust responsibility to the Indian tribes of the country, in the words of the President, "in accordance with the highest standards." To the Indian tribes which comprise the Council of Energy Resource Tribes, this trust responsibility is a sacred covenant between them and their government. Tribal participation in and control of programs designed to protect their resources are not inconsistent with this responsibility. President Reagan recognized this when he said,

> "Excessive regulations and self-perpetuating bureaucracy have stifled tribal decisionmaking, thwarted Indian control of reservation resources, and promoted dependency rather than self-sufficiency. This Administration will reverse this trend by removing obstacles to self-government and by creating a more favorable environment for development of healty reservation economies. This policy recognizes the diversity of the tribes and the right of each to set its own priorities and goals, and to proceed at its own pace. At the same time, the Federal government will continue to fulfill its traditional responsibility for the physical and financial resources held in trust for the tribes and their members."

In fact, the statutory scheme is already in place for these agencies to implement this policy. Public Law 93-638 (the Indian Self-Determination Act) provides for a system of contracts, grants and cooperative agreements whereby the tribes and tribal organizations can work constructively with federal agencies charged with the operation of programs for and the delivery of services to Indian tribes and their members. The Bureau of Indian

Affairs has recognized the Council of Energy Resource Tribes as such a tribal organization.

The tribes of the Council of Energy Resource Tribes look forward to the opportunity to work with these agencies in the common enterprise of implementing the policies of the Congress and the President, and in the words of the former Chairman of the President's Commission on Indian Reservation Economies and present Assistant Secretary for Indian Affairs, "of extending to tribal governments the regulatory and financial incentives available to other governments."

Fort Defiance Hospital Steering Committee, Inc.

Post Office Box 2411
Window Rock, Navajo Nation, Arizona 86515

Board of Directors

Leigh Hubbard, Sr.
President

Joseph Hardy
Vice President

Patrict Graham
Secretary

1986 MAR -[illegible] PM 3:10

March 4, 1986

The Honorable Mark Andrews
Chairman
Senate Select Committee on Indian Affairs
SH-701 Hart Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

We hereby submit the enclosed written testimony on behalf of the Native Americans who reside within this area of the Navajo Indian Reservation in the state of Arizona and part of New Mexico. This testimony was prepared by members of the Fort Defiance Hospital Steering Committee, Inc., to realistically express the need for Congressional support of Indian health care programs and facilities construction. We respectfully request a thorough review of the concerns that are clearly communicated within the content of this particular document.

Thank you and other Honorable Members of the Senate Select Committee on Indian Affairs for accepting this testimony and for making it a part of the record.

We deeply appreciate your consideration.

Sincerely yours,

Leigh P. Hubbard, Sr.
Mr. Leigh Hubbard, Sr.
President

TESTIMONY

EXPRESSING CONCERNS ABOUT THE EFFECTS OF THE GRAMM-RUDMAN-HOLLINGS ACT AND THE ADMINISTRATION'S FY 87 BUDGET PROPOSALS REGARDING INDIAN HEALTH PROGRAMS

SUBMITTED BY:

FORT DEFIANCE STEERING COMMITTEE, INC.
P. O. BOX 2411
WINDOW ROCK, ARIZONA 86515

President Mr. Leigh Hubbard

Fort Defiance Hospital Steering Committee, Inc.

Post Office Box 2411
Window Rock, Navajo Nation, Arizona 86515

Board of Directors

Leigh Hubbard, Sr.
President

Joseph Hardy
Vice President

Patrict Graham
Secretary

TESTIMONY

INTRODUCTION

This testimony is submitted by the Fort Defiance Hospital Steering Committee on behalf of the 23,000 persons served by the Fort Defiance Indian Health Service Unit within the Navajo Nation in Arizona and New Mexico. The Fort Defiance Hospital Steering Committee was established to create effective community interaction with health care professionals in addressing the present and future health care needs of the persons residing within the service unit.

CONCERNS

Although Indian health programs were provided with "exempt" status upon the enactment of the Gramm-Rudman-Hollings Act, we are concerned about the effect this Act will have on health care services for Indian people, particularly in respect to the changing needs that are occurring.

We understand that the entire Navajo Area program of the Indian Health Service is already being affected by the first phase of implementation of the Gramm-Rudman-Hollings Act and that reductions are being made in many areas of the budget. Given the problems that continually exist in recruiting qualified persons to fill positions, we are convinced that the long-range impact of the Gramm-Rudman-Hollings Act will definitely and perhaps drastically impair the quality and diminish the range of services available to Indian people.

A new concern has been created by the President's FY 86 Rescission proposal which would reduce funds for clinical services, eliminate the Community Health Representative program and tribal health development activities and eliminate funds for construction and renovation of Indian health care facilities. If accepted by Congress, these reductions in funding and the elimination of these programs would have a serious and extremely detrimental effect upon Indian health programs.

If these funds are completely eliminated, the possibility of Fort Defiance Hospital receiving $650,000 for drastically needed renovation work is significantly decreased. In addition, funds for new facilities at Sacaton, Pine Ridge and Shiprock were already deleted from the FY 86 budget due to slow progress in getting the projects underway. The Administration's rescission proposal would further delay work on these vitally needed facilities as well as the proposed new hospital for Fort Defiance.

The same concern are inherent in the FY 87 budget proposed by the Administration. Although Congress recognized the necessity for adequate funding for Indian health programs in giving them exempt status. For the Administration to repeatedly attempt to slash the funding indicates to us a total lack of understanding of existing needs.

We are convinced that the elimination of funds for these critically needed facilities is not cost-effective and would only lead to future increases in the allocations necessary to provide at least minimum services to Indian people in these areas.

RECOMMENDATIONS

The Fort Defiance Hospital Steering Committee, on behalf of its local constituency and of all Indian people requiring health care, respectfully submits the following recommendations:

1. That Congress carefully consider the continuing health care needs of Indian people, especially within the perspective of the historical commitment of the federal government to assistance in addressing those needs;
2. That Congress provide the funding that is necessary to maintain effective stability in the program that presently exist and that provide vital and irreplaceable services to Indian people;
3. That Congress carefully review the long-range needs of Indian health care programs, including the renovation and replacement of existing facilities and the need for construction of new comprehensive health care facilities and develop an effective plan, with the necessary appropriations, to address those needs.

CONCLUSION

On behalf of the Indian people we represent, we wish to express our appreciation to members of Congress for their continuing efforts to address and alleviate the health care needs of Indian people. We are certain that your concerns for humanistic needs will ensure that vitally-needed programs will not be sacrificed in the attempts to cure the overall fiscal problems that confront the nation.

KODIAK AREA NATIVE ASSOCIATION

402 Center Ave. - Kodiak, Alaska 99615 - Phone (907) 486-5725

TESTIMONY OF THE
KODIAK AREA NATIVE ASSOCIATION
GORDON L. PULLAR, PRESIDENT

TO BE SUBMITTED TO THE

U.S. SENATE SELECT COMMITTEE ON INDIAN AFFAIRS
FEBRUARY 18, 1986

MEMBERS OF THE COMMITTEE:

As you work toward developing a budget for FY87 Indian programs, we ask that you consider some implications of your decisions. We ask that you consider that the funding that supports the programs that we manage under grants and contracts with the Bureau of Indian Affairs is used to provide services to meet only the basic needs of Alaska Native people. Due to budget cuts in previous years, these programs are lean, sleek and efficient and are by no means extravagant or frivilous. There are instances where budgets are too lean, however, and should be increased, Conversely, further cuts would be devastating to the battle to meet the basic needs of our people as we strive for self-sufficiency.

We ask that you consider that programs funded under the Johnson-O'Malley Act and the Indian Child Welfare Act are used for the development and protection of Native children, our most important resource. And that the Higher Education Program is used to aid those young people who wish to gain a college education and that the Employment Assistance Program is used to aid those seeking vocational training and employment. We ask that you consider that the Housing Improvement Program is used to bring housing conditions up to minimum standards. We ask that you consider that the Social Services Program is used to strengthen the family and provide support to those with emotional needs. We ask that you consider that the tribal governments are trying to gain the expertise to furnction in ways to best save their citizens and without the funding under the Tribal Operations Program and PL-93-638 104(a) grants, their development will suffer serious setbacks and the road to self-determination and self-sufficienty will be blocked.

We ask that you consider and reject the false premise that the Alaska Native Claims Settlement Act (ANCSA) has improved the economic status of Alaska Natives to a point that the important social programs are no longer needed. It should be remembered that ANCSA was the settlement of aboriginal land claims, not the replacement for the important programs that serve the social needs of Native people. For our region of Alaska, ANCSA, in fact, has not led to financial success, even to the regional corporation that manages the assets under the Act. The shareholders of this region have never received a single dividend. The economic improvements that have been made in the Native communities are due much more to the programs for which you are considering funding than to ANCSA.

The Native people in the Kodiak Island area that KANA serves are small in number, just over two thousand. This population is concentrated in the six remote villages of Akhiok, Karluk, Larsen Bay, Old Harbor, Ouzinkie, Port Lions and the City of KodiaK. We depend on your leadership in making decisions that will enable us to continue providing services addressing the basic needs of our people.

Thank you for your time and continued support.

Women's Shelter
P.O. Box 38
Kotzebue, Alaska 99752
(907) 442-3969

Maniiḷaq Association

Senior Citizens' Center
P.O. Box 260
Kotzebue, Alaska 99752
(907) 442-3590 or 3591

Public Health Nursing
P.O. Box 170
Kotzebue, Alaska 99752
(907) 442-3313

P.O. Box 256
Kotzebue, Alaska 99752
(907) 442-3311

Health & Human Services
F.R. Ferguson Building
(907) 442-3313 or 3914

7 February 1986

Mark Andrews, Chairman
Select Committee on Indian Affairs
U.S. Senate
Hart 838
Washington, D.C. 20510

Dear Senator Andrews:

We would appreciate the following testimony be read into the record of the 18 February hearing regarding recisions deeply affecting this region.

While we are aware of the concern of the Administration and Congress with regard to the budget deficit, we feel the decimation of domestic programs, particularly those directly affecting Native Americans, is inappropriate and a further cruel betrayal of the federal trust responsibility.

We were recently very distressed to learn that Indian Health Service construction had appeared on the OMB recision list. Congress had appropriated funds for design of a much needed new hospital in Kotzebue. Maniilaq Association has already begun working with IHS staff on behalf of the Native Alaskans of the NANA Region and Point Hope to negotiate contracts under P.L. 93-638 to manage the present hospital, and to design and construct the new facility.

The hospital in Kotzebue is in sad repair and is quickly deteriorating further. Described as a "subsidence problem", the building is sinking and literally breaking apart. While a cost estimate of $7,102,500 has been proposed for correction of this problem, in truth there is no feasible engineering solution except replacement of the building. This has been confirmed by reputable outside consultants and documented extensively by the Alaska Area Health Facilities Section.

The diminished finances of the Area Office, and the expectation of eventual new construction, have combined to produce a significant backlog of other needed repairs and alterations. The total estimate as of March 1985 was well over $16 million. The cost of the new hospital has been estimated at approximately $14 million. Obviously it makes good fiscal sense to proceed with construction of the new facility!

MEMBER VILLAGES
Ivisaappaat, Nunatchiaq, Ipnatchiaq, Katyaak, Kivaliniq, Laugviik, Qikiqtagruk, Nautaaq, Nuurvik, Akuligaq, Isinnaq
Ambler, Buckland, Deering, Kiana, Kivalina, Kobuk, Kotzebue, Noatak, Noorvik, Selawik, Shungnak

In addition to the structural decay of the present facility, there is a long-identified lack of needed operating and administration space, especially in the burdgeoning outpatient department. This is a growing region, with significant medical needs and increasing quality expectations. While the present facility, with much effort, operates within functional safety and sanitation standards acceptable to IHS and JCAH, the quality of care that can be delivered in the crowded facility with a necessarily minimal staff is marginal at best.

The simple fact of the matter is that soon the present building will be unsafe for staff and patients. With luck, no one will be injured as the deterioration continues. The building will have to be abandoned. There will be no hospital and the federal government will have become negligent in its trust responsibility to the Native Alaskans of this region.

We urgently request that you do everything within your power to rescue this project.

Sincerely,

Marie N. Greene
President

cc: Maniilaq Health Board
Robert Singke
Nina K. Dahl

STATEMENT OF

SONNY BILLIE, CHAIRMAN

MICCOSUKEE TRIBE OF INDIANS OF FLORIDA

BEFORE

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

AT

THE OVERSIGHT HEARING ON THE F.Y. 1987 BUDGET REQUEST

February 18, 1986

My name is Sonny Billie. I am the Chairman of the Miccosukee Tribe of Indians of Florida. I am grateful for the opportunity to present the views of the Miccosukee Tribe on certain aspects of the F.Y. 1987 budget request for the Bureau of Indian Affairs and the Indian Health Service to this Committee.

However, our ability to comment on the budget request at this time has been curtailed by the illegal refusal of the Bureau of Indian Affairs and the Indian Health Service to provide details on the proposed F.Y. 1987 budget in time to assist in the preparation of this Statement. Federal law requires that our tribal council be advised of all appropriation estimates of BIA and IHS "prior to the submission of such estimates to the Office of Management and Budget and the Congress."

The Bureau has complied in part with the law by releasing some figures to us. It has refused to release other figures (such as school operations, scholarships and contract support funds) because these figures are not broken down by tribe. Federal law contains no such exemption from mandatory disclosure of budget proposals for the benefit of tribes. The Indian Health Service has refused to comply to all.

First, I will comment on the information provided by the Bureau. We are distressed to learn that the Administration is still resisting our attempt to achieve more equitable funding in law enforcement. Our law enforcement needs have been complicated by our location in a high-crime area and by acquisition of additional federal reservation lands under the Florida Indian Land Claims Settlement Act in 1982. Congress addressed our concern in this area by directing that an additional $50,000 be provided to increase the level of funding for the law enforcement program of the Miccosukee Tribe. We understand that these funds have not yet been allocated, and we are startled to learn that the Bureau's request for F.Y. 1987 not only fails to include the congressional mandated increase made in F.Y. 1986, providing only $414,200. We note that the Department of the Interior recommended a level of $431,100, some $19,000 above the level submitted to the Congress. However, the $431,000 level, itself, merely reflects the tribally-banded funding prior to the $50,000 increase provided in F.Y. 1985.

The written information released to us by the Bureau does not include the $98,000 for real estate services on our new 1982 reservation which has been included in our funding base by congressional mandate. However, we have been assured by the BIA Office of Trust Responsibilities that this program is included in the F.Y. 1987 budget request and will be part of our Tribe/Agency "band" for F.Y. 1988. These funds are essential to the protection of our interests in lands provided to us as a federal reservation under the 1982 legislation, and we rely on the oral assurances of the Bureau that these funds are in the F.Y. 1987 budget.

We will submit additional comments on the BIA budget when we have received and can review the official BIA budget estimates.

With respect to the Indian Health Service we urge that the Congress promptly reject the request to rescind some $68,000,000 of Indian health appropriations, a proposal which violates the 1% limit recently imposed by Congress in the Gramm-Rudman-Hollings Act. Especially objectionable to us are reductions in funds for clinical services and contract health care, including the elimination of funds provided by Congress for the administrative costs of contracts with tribes under P.L. 93-638. Without such separate contract support funding tribes are penalized by reductions in services when they elect (as we have) to operate health programs for themselves. These reductions violate commitments to tribes made by President Nixon when the Indian Self-Determination program was established.

We will submit further comments on both the BIA and the IHS budget request when the Government permits us to review them.

Thank you for the opportunity to submit these comments.

THE NAVAJO NATION
WINDOW ROCK. NAVAJO NATION (ARIZONA) 86515

PETERSON ZAH
CHAIRMAN, NAVAJO TRIBAL COUNCIL

EDWARD T. BEGAY
VICE CHAIRMAN, NAVAJO TRIBAL COUNCIL

Testimony of the Navajo Nation
on the Proposed FY 1987 Budget
for Indian Education
Presented to the
Senate Select Committee on Indian Affairs
February 18, 1986

INTRODUCTION

The Navajo Nation has made the education of its young people the number one priority of the tribal government. This priority reflects the importance that the Navajo People place upon education and upon their young people. Our youth make up at least half of the Navajo population. Our median age is 18 years. Over 61,000 young Navajos attend public and privately funded schools and child development programs in or near the Navajo Nation. While exact figures on the number of Navajos in postsecondary programs are not available, at least 10,000 Navajo young people seek assistance with the funding of their postsecondary education each year (although only a fraction of this number are actually able to be funded). The Navajo People realize that our future is in the hands of these young people, that the quality of their education will shape the quality of the economic and political life of the Navajo Nation for years to come.

In the past the education of Navajo children was conducted completely under the direction of the dominant society with the intent of turning the children away from their traditional ways and equipping them to blend into the "melting pot" of American society. They were directed away from their parents and their parents were encouraged to turn over their education to the Anglo-Europeans who had become dominant in the country. As a consequence, education was once seen by many traditional Navajo people as a threat to their way of life, not as a priority.

In the time since World War II, and particularly in the last 20 years, this attitude has undergone a tremendous transformation. Education issues are now some of the most hotly contested issues in the Navajo Nation. Positions on local school boards and Indian education committees are seen as positions of honor, a vote of respect and trust from the entire community. The tribal government itself has come to stress educational concerns in its official priorities. Tribal concern with education culminated in November of 1984 with the adoption by the Navajo Tribal Council of comprehensive education policies. It is typical of the changing Navajo perception of the role of formal education that by tribal law and community expectation the schools are now seen as resources to preserve and perpetuate Navajo language and culture.

One concept, more than any other, has contributed to the interest and excitement which Navajo people express in regard to the education of their children. This is the concept of Indian control of Indian education. This concept was first clearly expressed in the Indian Self-Determination and Education Assistance Act (P.L. 93-638). It is specifically incorporated into Title XI of the Education Amendments of 1978 (P.L. 95-561). Most recently, the concept was upheld last year in the Indian Education Technical Amendments Act of 1985 (P.L. 99-89), as authority was specifically given to utilize P.L. 93-638 grant funds to help establish tribal departments of education and tribal education codes.

Activities which have given content to the policy of Indian control of Indian education have included the establishment of community controlled contract schools and tribally controlled community colleges, tribal administration of the Johnson O'Malley program in public schools, establishment of Indian education committees at the school district level to oversee the administration of the Title IV and Johnson O'Malley programs, and the increasingly active role of local and agency school boards in the BIA operated school system. Efforts have increased on the part of tribal governments to influence basic educational programs through the consultation provisions of the laws governing Impact Aid funds to reservation public schools (P.L. 81-874 as amended by Title XI, Part A of P.L. 95-561), and through the opportunities offered by federal law and regulation to affect the administration and academic program of BIA operated schools (Title XI, Part B of P.L. 95-561 and its regulations).

As a consequence of these new roles for Indian tribes, communities and parents, phrases like "the White Man's school" or "Washington's school" have been replaced by the phrase "our school". We urge this Committee and Congress as a whole to recognize that this transformation of perception on the part of Indian people is a significant educational event, with positive consequences for academic achievement, attendance at school, student attitude and students' long-term academic goals. It is important that the budgetary and programmatic decisions made in regard to the Fiscal Year 1987 budget work to support this policy of Indian control of Indian education, and not remove its statutory or regulatory underpinnings.

Our concern to preserve Indian control of Indian education as an administrative reality in existing Indian education programs leads us to raise serious questions about some of the programmatic changes contained in the proposed FY 1987 budget for Indian education and about the vulnerability of these programs to major reductions under deficit control procedures.

SECURITY FOR BASIC FUNDING

Obviously one of the greatest threats to Indian education is financial insecurity and the possibility of sudden major cuts in program dollars. With certain exceptions, the proposed FY 1987 BIA budget provides some security against this reality through the funding levels proposed for educational programs. Indeed, despite the questions which we must raise about the proposed structure for some Indian education programs and requested decreases in funding for certain programs, we must applaud the responsible administrators within the Department of Interior and the Bureau of Indian Affairs for recognizing that Indian education has already been cut to the bone and cannot sustain additional cuts without jeopardizing the integrity of programs. Likewise, we must applaud the Secretary of Education for realizing the importance of Impact Aid funding to reservation public schools and maintaining the current funding level for Impact Aid Part A funds.

We are concerned, however, that under existing deficit reduction laws, the basic funding for Indian education programs is subject to the full impact of automatic budget cuts. The Gramm-Rudman-Hollings Act does not distinguish between funding for basic maintenance and operation of school programs and supplemental educational funding. As a consequence, in the case of heavily impacted reservation public school districts, BIA funded schools and tribally controlled community colleges, the deficit reduction law does not, as President Reagan has claimed, protect "essential" services. Simply put, many of our schools and many tribally controlled community colleges cannot operate if they are subjected to a significant cut in funding, such as the 25% cut which many experts have claimed could occur under the Gramm-Rudman-Hollings Act. There is no way that they can accommodate such a cut and maintain even their basic program or retain their accreditation.

Until the 11th hour before passage, the Gramm-Rudman-Hollings Act included Indian education programs in the "safety net" programs specifically protected from the full impact of automatic funding cuts. We believe that these programs should be included in the categories of protected programs. The BIA's school operations funds, education contract support funds, school transportation funds, facilities O&M funds and tribally controlled community college funds -- essential programs for which there is no local, state or tribal funding alternative -- are in particular need of this protection. Affording these programs an essential degree of security will not significantly affect national deficit reduction efforts. It will however, honor the responsibility of the federal government, based upon trust, law and treaty, to assure that a basic, competent educational program is made available to our Indian young people.

Likewise, Impact Aid Part A funds provide basic operational funding for reservation public schools. Severe reductions in these funds cannot generally be made up from local tax revenues. As a result, cuts in these funds compromise the basic educational programs of reservation public schools. Even in states with equalization programs, funding cuts of the magnitude possible under the deficit reduction law seriously strain the whole structure of equalization, at a time when, particularly in New Mexico, state revenues are experiencing significant reductions of their own. Therefore, we urge Congress to shield Impact Aid Part A funding, particularly the funding provided to heavily impacted districts, from the full impact of automatic sequestration procedures under deficit control legislation. We would also urge that a decision on the part of Congress to restore funding for Part B of the Impact Aid law, a decision which we recognize would be beneficial for many school districts with major federal installations, be implemented without impairing the proposed funding level for Impact Aid Part A.

PROPOSED CHANGES IN EDUCATIONAL PROGRAMS

The most disturbing aspect of this year's proposed budget for Indian education is the extent of programmatic changes that are included in the budget. At this time it is difficult to be certain what some of these changes mean. Budget documents give only the most general information about the proposed structural changes in the Johnson O'Malley Program, in Title IV, in the bilingual weight under the ISEP formula and in the administration of the continuing education program. Therefore, these remarks must of necessity be rather general. We would urge this Committee to assist us in obtaining more complete information on the proposed changes in structure and administration of these programs and to afford to Tribes and Indian organizations an opportunity to make formal comment to the Committee on these changes after this information is received.

Changes in the Johnson O'Malley and Title IV Programs

The most serious of the proposed changes appear to be in the Johnson O'Malley and Title IV programs. The BIA proposes to turn the Johnson O'Malley Program over to the Department of Education and to take to itself the parts of the Title IV program which are currently applicable to community controlled contract schools or other BIA funded schools and those which provide for Indian fellowships. These transfers are to be accompanied by structural changes that, based on the limited information provided, would appear to dilute the role of Indian tribes and Indian education committees and reduce funding currently available to community controlled contract schools. The rationale given for these changes is the reported "policy" of the Administration to have the Department of Education oversee all programs affecting Indian students in public schools and the BIA oversee all programs affecting Indian students in BIA-funded schools.

In the first place, we must object to any such "policy" being the basis for the proposed programmatic changes. The federal laws and regulations governing Indian education make specific provision for the development of such policies. They are to be developed in active consultation with the affected Indian tribes and tribal organizations (see in particular 25 CFR Sec. 32.4(a)). Yet the first this tribe has heard of this policy is a reference in budget documents which treats the policy as already in place. The BIA has an obligation to notify Indian tribes of any pending legislation affecting Indian education for the purposes of information and consultation (25 CFR Sec. 32.4(a)(1). Any policy or piece of legislation developed unilaterally and in the dark has no legitimacy for Indian education. If the Administration feels a need to restructure the basic vehicles for delivering Indian education programs, we urge the immediate undertaking of a consultation process such as that which produced the earlier policies contained in 25 CFR Subchapter E, with tribal representatives and Indian educators playing a full participatory role. To afford this process time to bear fruit, we urge Congress to require that any major changes in program structure be initiated no sooner than Fiscal Year 1988.

We are very concerned that the budget ceilings and reconciliation instructions established in the joint budget resolution may lock into place the programmatic changes being proposed by the Departments of Interior and Education. If budget ceilings are set with the assumption that these changes will take place, or if reconciliation instructions are given before the proposals can be adequately reviewed, it may be impossible later in the year for appropriations committees and authorizing committees to reject the proposed changes without gutting other portions of the Indian education budget, particularly the BIA portion of that budget. Therefore, we ask Congress to establish budget ceilings for the Indian education and impact aid programs in the BIA and the Department of Education which would make it possible to preserve the existing program structure for another year without impairing current programs. We also ask Congress to reject any reconciliation instructions which seek to decide this issue before the authorizing committees and Indian tribes and organizations have had time to study and pass upon the proposed changes. This would not mean that changes could not be made this year. It would only mean that any changes would not be dictated by a budget resolution which is adopted before all the facts are in.

We are particularly concerned with the proposed transfer of the Johnson O'Malley Program to the Department of Education. Our concern is not just with the transfer itself but with the apparent decision to take this program outside the jurisdiction of P.L. 93-638 and to discontinue the practice of contracting administration of the program to Indian tribes. Such a change will seriously undermine the influence which Indian tribes are able to have on public school programs. We have had experience with programs where tribes have the right to "input" and programs where tribes have the right to make decisions. We know from experience that the best opportunity for Indian control of Indian education rests with those programs which put decisionmaking authority in tribes or tribal organizations.

Through tribal administration of the Johnson O'Malley Program, the Navajo Nation is able to forward the implementation of its education policies in public schools, often without the necessity of confronting school districts on their basic educational program. Programs of Navajo language and culture can be introduced into the curriculum through these programs, facilitating the ultimate integration of these components into the basic curriculum. Provision can be made to encourage the participation of Indian parents in school programs and activities through home/school liaison programs which could not be funded out of basic school revenues. These same home/school liaison programs can reach out directly to families with children out of school and nip truancy problems in the bud. Culturally sensitive substance abuse prevention programs can be developed and implemented blending traditional Navajo concepts of harmony with modern therapeutic understanding. It appears that the administration's plans for the Johnson O'Malley Program will eliminate this opportunity for tribal policy implementation and replace it with an advisory role. We must object to any such dilution of Indian control.

Likewise, it is unclear from the budget documents if Indian education committees will continue to enjoy the decision-making role at the local level which they currently have under both Title IV and Johnson O'Malley. Again, we are hampered by the fact that these proposed changes have first appeared as brief explanatory material in budget documents. However, we can state unequivocally our objection to any restructuring of these programs which would dilute the role of local Indian education committees or the requirements of parental participation in the planning and operation of these programs.

The transfer of part of Title IV to the Bureau of Indian Affairs is also a matter of concern. Once again, it is difficult to discern from the documents what is meant. However, it does appear that community controlled contract schools would lose their current entitlement to Title IV funds in favor of a discretionary, competitive program administered by the central office of OIEP and that some non-BIA funded tribal schools which now receive Title IV Part B funds would become ineligible for them. It is difficult to know how to respond to such a proposal. On the one hand, we recognize the great need for supplementary funding for BIA operated schools. The idea that the ISEP weightings have eliminated the need for programs such as Johnson O'Malley and Title IV has never been valid. Lack of supplementary funding and lack of access to discretionary programs has hampered innovation and program development in BIA schools.

On the other hand, Title IV funds, received on a formula basis, have allowed our community controlled contract schools to institute important innovations in program, particularly in our priority areas of Navajo language and culture. We fail to see the advantage in "robbing Peter to pay Paul". Likewise we question if there is any reason to restrict Part B eligibility to state public schools as this proposal seems to call for. A more appropriate solution to the special funding needs of BIA operated schools is not to take Title IV Part A eligibility away from contract schools but to expand eligibility to BIA schools on the same basis, absorbing the added schools into the full Part A base, not just the portion available to contract schools, with such upward adjustments in funding as are dictated by the addition of these schools. At the same time, the solution to the need for discretionary programs for BIA schools is either for the BIA to create and fund a discretionary programs category without cutting into the funds for existing educational programs or to change the existing education laws to allow BIA schools full participation in the existing discretionary and supplemental programs of the Department of Education.

At the heart of our concern with these changes is the Administration's choice to try to make substantial programmatic changes through the budget process, and to seek to have them take effect in FY 1987. If changes of this magnitude are needed they should be discussed with tribes and tribal education organizations and presented to Congress this year for earliest inclusion, if adopted, in the FY 1988 budget. It appears that the Administration is attempting an "end run" around the authorizing committees and around Indian tribes, tribal organizations and educators by having its proposed changes locked into the budget before there is time for a reasoned review of them. Proceeding on such a basis violates the basic government to government relationship between the federal government and Indian tribes. It also violates the most fundamental principles of sound program planning.

For all these reasons, we urge this Committee and the Congress to assure that the programmatic changes in Indian education sought by the BIA and the Department of Education are not locked into the budget resolution adopted for FY 1987. We also urge this Committee to seek from the BIA and from the Department of Education a full explanation of the structure they are proposing and to reject any structural changes which dilute Indian control of Indian education. Finally we ask the assistance of this Committee in assuring that any major changes in these programs are adopted only after careful, public deliberation, with an opportunity for meaningful input from Indian tribes, tribal organizations, educators and parents. To accomplish this last objective, we urge the Committee to assure that any changes adopted for these programs are implemented no earlier than Fiscal Year 1988.

Bilingual Education in BIA Funded Schools

Another area of concern in the BIA budget is the proposal to have the weighting for bilingual education absorb the brunt of the cut in the ISEP formula. By existing law and regulation, BIA funded and operated schools are supposed to give particular attention to the cultural and linguistic needs of Indian children and to the policies and preferences of Indian tribes and Indian parents in structuring education programs (see in particular 25 CFR Sec. 32.4(a), (e), and (h)). The ISEP weight for intense bilingual programs was designed to support these goals when it was first adopted. There now appears to be a concerted effort on the part of the BIA to dilute the role of bilingual education in BIA funded schools.

One of the most important educational goals identified by the Navajo Nation in its education policies is the development of programs in all schools serving the Navajo Nation which stress the Navajo language. The Navajo language is not a "dying" language. It is the day-to-day language of the Navajo people. It is the language of political debate. It is the language of intergenerational dialogue. Strict grade limitations on the role of that language in the education of our children render them less equipped to function effectively in both worlds. We are convinced that familiarity with both languages facilitates the development of competency in the skills of the dominant society as well as the development of Navajo citizenship.

For this reason, we request this Committee to assure that the bilingual weight in the ISEP formula is not asked to bear a disproportionate share of the funding reduction proposed for ISEP.

Transfer of Continuing Education Functions.

At this point we have only the most vague understanding of the implications of transferring adult education and the scholarship program to another category in the BIA budget. We hope that this change does not signal a removal of these programs from the jurisdiction of the Office of Indian Education Programs. P.L. 95-561 has established OIEP to provide coordinated administration of all BIA education programs. We urge Congress to protect this delineation of responsibilities.

We are concerned that in seeking to take over the responsibility of the Indian fellowship program under Title IV, the BIA is also seeking to discontinue its responsibility to fund graduate fellowships under the Special Higher Education Scholarships category. The transfers and changed categories in the budget are often hard to trace. However, it appears that the BIA proposes to drop $1.939 million in graduate scholarships from its budget. This is false economy. Economic and political development of Indian reservations requires trained Indian professionals. Undergraduate studies are not sufficient to provide the technical and professional expertise we require. We request this Committee to support continuation of the current level of funding for graduate scholarships and fellowships both in the BIA's continuing education budget and in the Department of Education's Title IV budget.

We also urge the restoration of funds to the adult education program. Each year this program is eaten away a little further. Yet the critical need for adult education remains. There is a great need for GED instruction and for basic skills instruction for our adults. Those people who were previously underserved by the education system are being deprived of the opportunity to make up that loss in their adulthood by the continuing cuts to which adult education in the BIA is being subjected.

CONCLUSION

In conclusion, we seek the assistance of this Committee in preserving the integrity of Indian education programs in the FY 1987 budget process. We recognize the need to reevaluate programs, particularly in times of financial austerity. What we seek is a participatory process in making these reevaluations. We are very distressed to read in budget documents about an Administration "policy" for Indian education which we have had no role in developing. We are concerned that major changes in program which dilute the role of Indian tribes and Indian people are being introduced as budget measures under timelines which preclude reasoned study and debate. As an Indian government, we are asking the Federal government to afford us the opportunity to work with you in reviewing the existing Indian education programs to make them more effective and economical.

A RESOLUTION OF THE
EDUCATION COMMITTEE
OF THE
NAVAJO TRIBAL COUNCIL

Requesting Congress to Protect Indian Self-Determination in Education by Rejecting Any Changes in the Johnson O'Malley or Title VI Programs Which Would Dilute the Role of Indian Tribes and Tribal Organizations in These Programs

WHEREAS:

1. The Education Committee of the Navajo Tribal Council is the standing committee of the Tribal Council with responsibility for advocating for the interests of the Navajo Nation in regard to education before the Congress and agencies of federal government, ACMA-35-84; and

2. The Navajo Tribal Council has adopted education policies for the Navajo Nation which seek to assure a central role for the Navajo Tribe and for local Navajo communities, school boards and parents in overseeing the education which is provided to Navajo children, 10 Navajo Tribal Code Section 102; and

3. In its education policies, the Navajo Nation has identified a tribal priority in the perpetuation of the Navajo language and culture through the educational process, a priority which is not generally found in the standard curriculum of either state public schools or BIA operated schools serving the Navajo Nation , 10-NTC Sections 111 and 112; and

4. The Navajo Nation has relied upon the assurances contained in federal law that the Congress of the United States favors a policy of Indian control of Indian education, with maximum operational control and policy direction residing in the various tribes and in Indian parents and communities; and

5. The current administration of the Johnson O'Malley Program through the Navajo Division of Education provides a unique opportunity for the Navajo Nation to impact the education received by Navajo children in public schools and to foster the educational goals of the Navajo Nation; and

6. The provision in the Johnson O'Malley Act and Title IV for local Indian education committees composed of Indian parents with children benefiting from those programs and for final decision-making authority at the local level residing in these parent committees also help to assure an active role for Indian parents in the education of their children; and

7. The current plans introduced in the proposed FY 1987 federal budget to merge the Johnson O'Malley Program with the Title IV program and administer it through state departments of education and the changes proposed for Title IV in BIA-funded contract schools, while not clearly described in the budget document, suggest that the BIA and the Department of Education propose changes that will dilute the role of Indian tribes, Indian communities and Indian parents;

NOW, THEREFORE, BE IT RESOLVED:

1. The Education Committee of the Navajo Tribal Council opposes any change in the administration of the Johnson O'Malley Program and the Title IV program which would dilute the role of Indian tribes, Indian communities and Indian parents in the administration of these programs.

2. The Education Committee particularly opposes any change in the Johnson O'Malley Program which would preclude tribal administration of the program.

3. The Education Committee urges the Congress of the United States to make the programatic, budgetary and appropriations choices in its deliberations on the FY 1987 budget which will allow the Johnson O'Malley Program to continue to be operated under the Indian Self-Determination and Education Act as a tribally-administered program.

4. The Education Committee urges Congress to assure that budget ceilings are not prematurely set at such a level as to preclude the maintenance of the Johnson O'Malley Program in the Bureau of Indian Affairs, by setting a spending level for BIA education which assumes the transfer of the program.

CERTIFICATION

I hereby certify that the above resolution was duly considered at a meeting of the Education Committee of the Navajo Tribal Council held at Ganado, Navajo Nation (Arizona) and that the same was unanimously adopted this 13th day of February, 1986.

Chairman, Education Committee
of the Navajo Tribal Council

THE NAVAJO AREA SCHOOL BOARD ASSOCIATION
NASBA
P. O. BOX 578
WINDOW ROCK (NAVAJO NATION), ARIZONA 86515

EXECUTIVE BOARD OFFICERS
RAYMOND MORGAN, President
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1986 FEB 18 AM 9 26

February 14, 1986

The Honorable Mark Andrews, Chairman
Senate Select Committee on Indian Affairs
6313 Dirksen Senate Office Building
Washington, D. C. 20510

Dear Senator Andrews:

I am attaching NASBA testimony concerning the FY 87 BIA Education budget. We regret that we are unable to present this testimony at the hearings on February 18th but financial restrictions prevent this from happening. We thank you very much for holding such hearings and the Committee's willingness to schedule us as an outside witness.

Sincerely,

Verner V. Duus
Program Director

VVD:eje
Attachment

NAVAJO AREA SCHOOL BOARD ASSOCIATION
TESTIMONY

PREPARED FOR THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS
BUDGET OVERSIGHT HEARINGS - BIA EDUCATION

FEBRUARY 18, 1986

TESTIMONY

Basic BIA Education programs should be granted exemption from automatic spending cuts under Gramm-Rudman.

Two factors distinguish basic BIA Education programs from the other federal education programs and the state systems.

1. It is basic, not supplemental as are the various title programs.
2. There is no other source of funding for the programs. State systems can conceivably raise state taxes to make up for decreases in P.L. 874 funding and the loss of various supplemental funds. In the BIA system there would be no option other than to significantly cut programs or close. In the event that BIA schools began to close, a tremendous tax burden would be transferred to the states. All of which would seem quite ridiculous in the name of avoiding a federal tax increase.

NASBA, under the circumstances, supports the proposed FY 87 Bureau of Indian Affairs Education Budget.

We were both surprised and pleased when we first saw the FY 87 BIA Education Budget. It reflects the fact that the Bureau has been trimming a budget and finding more efficient ways to operate. Given the limitations inherent in the federal system, the budget figures acknowledge that there is not much more that can be done to reduce the budget and still maintain a minimum standard of education. Significant cuts of the magnitude envisioned under Gramm-Rudman legislation could not be sustained while retaining any semblence of comparability with the state public school systems. Some cuts might be possible if other legislation was amended or rescinded; for example, the wage-grade system for determining salaries for certain positions, such as cooks and bus drivers, results in these staff being paid at substantially higher rates than their positions warrant. It is not uncommon for cooks to be paid salaries equal to principals and for bus drivers to receive higher wages than teachers; very different from the situation found in public school districts across the country.

Also, we are in the first year of implementation of the Bureau of Indian Affairs Education and Dormitory Standards. These standards have been through numerous reviews to insure that substantial budget increases will not be necessary for their implementation; however, in many cases, schools are not adequately funded to meet the new standard.

The FY 87 proposed budget will at least put the Bureau Education program into a "holding" pattern. New initiatives will have to be delayed unless they involve a redistribution of already available funding. Vacant positions for the most part will have to remain vacant, unaccredited schools will have to remain unaccredited, uncertified status quo staff members will probably have to remain uncertified, facilities with maintenance problems will continue to have maintenance problems, etc. The FY 87 budget will not permit any giant steps or even minor steps forward but at least drastic steps backward will not be required. With these qualifications, NASBA supports the education budget.

School Profile Analysis

The Navajo Area School Board Association Office has developed a form which attempts to identify the impact of the Gramm-Rudman Act on Navajo Area schools in FY 87. The profiles are put together as a "worse case scenario" to get people to begin thinking about what would necessarily have to happen in the event that cuts of up to 25% were sustained by BIA Education. A summary of that impact is as follows:

1. Nearly all the schools indicated that their accreditation status would be in jeopardy or they indicated that there would be no chance of them meeting the applicable standards.
2. Nearly all indicated that they would have to lengthen the period of furlough for civil service employees and would have to shorten the period covered by education contracts.
3. Many indicated that they would have to abolish some or all of their educational aide positions in the classroom.
4. Nearly all indicated that they would have to severely cut back on basic supplies and materials purchased by the school even including such essentials as textbooks.
5. Day schools indicated that there would be considerable reorganization of the bus program where bus drivers would have to be RIFed and bus runs staggered and lengthened to cut costs while still getting the students to class.

6. Many indicated that the fact of lengthening furloughs and shortening teacher contracts would result in their employees seeking employment elsewhere in the public schools where salaries are already considerably higher than salaries in Bureau schools.

7. Many indicated that they would have to abolish all field trips for students and cut student activity programs.

8. Junior high and high schools indicated that the athletic programs, particularly inter-scholastic sports, would have to be eliminated.

9. Many indicated that there would be safety problems due to inadequate student supervision in dormitories, playgrounds and classrooms.

10. Some indicated the very real possibility that their schools could not remain open.

11. Much concern was expressed that cutbacks in U.S.D.A. reimbursements would cause the elimination of some feeding programs - for example, breakfast programs in day schools - and that the loss of U.S.D.A. funds would have to be made up from the basic school budget. This would cause further financial shortages in the academic and homeliving programs.

It is clear from the responses to the question of what specific actions are being taken to absorb the FY 86 cuts that the schools are down to a minimum level of service. These schools are in the process of adjusting their programs to meet the recently adopted Bureau of Indian Affairs Academic Standards and Dormitory Criteria. Some have also had to make adjustments to comply with student attendance areas implemented on Navajo for the first time in FY 86.

One fact which is very striking is that the great majority of educators and other employees hired at these schools are Indian. In the context of these schools it also means that the employees are for the most part Navajos whose homes are in the communities that these schools serve. The economic impact of the reductions-in-force and extended furloughing will be extremely difficult for these families and communities to absorb. The unemployment rates and welfare roles will soar since there is no other substantial means of employment in these communities. Also, the very small number of "permanent full-time" employees should be noted. The status of such employees was for the most part changed within the last few years to furlough status. Vacant positions since 1979 have been filled under the provisions of P.L. 95-561 as "contract educators."

Finally, aside from the sheer amounts involved in the cuts as demonstrated from FY 85 to FY 87, the distribution of where the funds will be used should be noted. In most cases, the percentage used for personnel climbs dramatically since there is no provision under Gramm-Rudman for reducing salaries. Reductions-in-force will be required but it is very difficult to save any money by this means due to the extensive time required to conduct a RIF and the fact that such employees are entitled to severance pay.

Transfer of special enrichment program funds to BIA

The Navajo Area School Board Association supports the concept of having special enrichment funds available for BIA schools. It is unclear from the FY 87 budget justification exactly how this program would be administered. NASBA is unaware of any programs which have ever been funded by Title IV which directly involve Bureau of Indian Affairs schools. NASBA has submitted proposals under Part B of the Indian Education Act on behalf of Bureau school boards and has felt that these proposals did not receive due consideration since the programs would be implemented in Bureau schools.

There is a great need for a special enrichment fund for Bureau schools. A common response to BIA school boards when they are attempting to initiate a new program which is not part of the established program is that no funding is available. The students in Bureau of Indian Affairs schools have as much need for special enrichment programs as those students in contract schools, public schools, private schools, etc. NASBA supports the use of the criteria established for Title IV programs as a basis for the Bureau program.

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Chuska/Tohatchi Consolidated School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 574 Grades k to 8

b. #Day 127 #Boarding 447

Descriptive Narrative

Currently all BIA Education Academic and Dormitory Standards are being meet. The school is fully accredited by North Central. WE ahve developed and implemented a bilingual-bicultural program in which the students are learning to read write and more importantly respect their Navajo Language.Our school has taken a leadership role in the development of the whole language programand we have seen student writings appear in National Chrildren's magazines. Our school will be the first in the nation with a written wholelistic curriculum in the area of the Social Sciences. The dormitory staff has developed a model program which enhances the students self concept ,assists in the development of skills in cooking and basic carpentary work ,in creative arts activities and in good grooming and interpersonal relationship skills. The School Board was the first in Ft. Defiance agency to develop a polociy handbook and has been very intrumental in supporting the programs of the school. A 4.2 million renovation project is taking place with space for new programs for junior high students. The budget cuts will make it vey hard to institute those programs.

II. Personnel Status

Contract Educators	Permanent Full-Time	Furlough	Temporary
67	2	63	2

#Indian 120 #non-Indian 14 Total 134

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (25% cut)
Salaries	$2,140,072	66 %	73 %	89 %
Benefits	$ 291,828	9 %	13 %	16 %
Supplies & Materials	$ 350,761	11 %	1 %	0 %
Travel	$ 2,669	.08 %	.2 %	0 %
Equipment	$ 67,490	2 %	0 %	0 %
Contractual Services	$ 347,813	10.92 %	12.5 %	12 %
Other Cummunication	$ 20.089	1 %	.3 %	.3 %
TOTAL:	$3220,722	100%	$2,671,625	$2,003,791 *
Less USDA	148,000 3,072,722			

Fy 87 bare bones
* 5 equals 117.3%

IV. Reimbursements and Entitlement

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$ 148,000	$ 140,600	$ 111,000
Chapter I	$ 292,119	$ 277,515	$ 207837
Other 94-142	$ 73,045	$ 69.393	$ 52,045
TOTALS:	$ 513,164	$487,508	$ 370,882

V. Specific actions taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)

1. Ten positions will be abolished in order to save $200,000 and balance the budget.
2. Food service is working only five days per week. Dorm Staff takes care of week ends.
3. Only essential supplies will be purchased. Off campus trips are very limited.
4. No over time or compensatory time is being approved except for search and rescue.
5. Principal is going on 160 hours LWOP in the summer.
6. Additional funds are being raised by having tournaments etc.
7. Care is being taken that all BIA standards are being met.

VI. Specific results which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.

1. We will not ahve suffcient funds to meet either BIA or NCA standards and whole programs may have to be cut/
2. Children will get less than a USDA approve diet as funds for food will be very limited. Food,milk, bread total over$275,000
3. Children will be denied a qualitiy education. The new building
4. will be under utilized as there will insufficient funds to hire needed staff.
5. Frankly, most schools would have to close/ This further denies children an education.
6. Lastly,since the vast majority of our staff is Indian we will
7. add to the growing unemployment problem on the Reservation.

School Board President

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Nenahnezad Boarding School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 440 Grades K to 6

b. #Day 192 #Boarding 248

Descriptive Narrative

Nenahnezad Boarding School is located on the border of the Navajo Reservation on the San Juan River about 14 miles west of Farmington, New Mexico. There are about 440 stud ents attending. The staffing consists of 38 teachers, 1 principal, 1 department head, academic, 2 dormitory managers, 1 recreation specialist, and the clerical, kitchen, and dormitory staff. All the classrooms are self-contained in a stone-structured building, which was built in the early thirties. Grades kindergarten through sixth are taught at this school. There is a multi-purpose building used for a gymnasium, two dormitories, and a kitchen/dining room. Nenahnezad Boarding School is nearly completing the self-study project under the North Central Accreditation. The school board has established specific academic and social-cultural goals which guide the curriculum and activities of the school. The school is filled to capacity and has had to turn away many students due to lack of space.

II. Personnel Status

Contract Educators	Permanent Full-Time	Furlough	Temporary
48	2	31	2

#Indian 76 #non-Indian 7 Total 83

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (2% cut)
Salaries	$ 1,261,013	73 %	76 %	86 %
Benefits	$	%	%	%
Supplies & Materials	$ 175,863	10 %	7 %	2 %
Travel	$ 33,303	2 %	2 %	2 %
Equipment	$ 41,337	2 %	2 %	2 %
Contractual Services	$ 196,784	11 %	11 %	8 %
Other	$ 18,165	2 %	2 %	0 %
TOTAL:	$ 1,726,465	100%	$1,640,142	$1,294,849

Nenahnezad, cont'd.

IV. Reimbursements and Entitlement

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$ 116,000	$ 110,200	$ 87,000
Chapter I	$ 212,227	$ 201,616	$ 159,170
P.L. 94-142	$ 24,484	$ 23,260	$ 18,363
Other	$	$	$
TOTALS:	$ 352,711	$ 335,076	$ 264,533

V. Specific **actions** taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)

1. Will not fill Counselor and other required personnel positions. This will delay Education Standards Requirement.
2. Cut back on all supplies, materials, travel, and trainings.
3. Cannot compete with public school teaching salaries; we are losing good teachers.
4. Cancel all equipment requisitions.
5. Freeze all hiring of personnel.
6.
7.

VI. **Specific results which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.**

1. Dismiss school before 180 days teaching requirement.
2. Will pay only the salaries of school personnel for the school year.
3. The school will increase student-teacher ratio.
4. Transportation for day students will be eliminated.
5. Cancel all student activity program.
6. Reduction-in-Force to be implemented.
7. Dormitory coverage will be unsafe.

School Board President

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Red Rock Day School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 247 Grades K to 8

b. #Day XX #Boarding _____

Descriptive Narrative

The Red Rock Day School is located in the northeastern corner of Arizona very near the border of New Mexico. Students from both states attend the newly renovated and expanded facility. In 1982 the expansion was completed at a cost of about $3.2 million. The school expanded gradually from a K to 4 school to K through 8 since that time. During FY 84, Red Rock satisfied the requirements for accreditation under the North Central Association and became the only NCA accredited school in the Shiprock Agency. The Red Valley community is growing and currently has a population of 2,600 people including 453 school age children. One goal of the school is to make substantial gains in student achievement to the level of the national norms. The school serves a remote rural community serving Navajo families whose dominant language is Navajo and who, for the most part, engage in subsistence agriculture centered around sheep ranching. A main activity over the last couple of years has been to develop a full service junior high school curriculum which will compare favorably with any of the states we serve.

II. Personnel Status

Contract Educators	Permanent Full-Time	Furlough	Temporary
19	2	17	1

#Indian 33 #non-Indian 6 Total 39

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (2% cut)
Salaries	$ 507,121	73.7%	83.1%	82 %
Benefits	$ 56,346	8.2%	9.2%	9.2%
Supplies & Materials	$ 50,705	7.4%	0 %	1.2%
Travel (pupil transportation)	$ 47,400	6.9%	5.8%	4.6%
Equipment	$ 5,200	0.7%	0 %	0 %
Contractual Services	$ 10,626	1.5%	1.4%	2.3%
Other	$ 10,700	1.6%	.5%	.6%
TOTAL:	$ 688,098	100%	$615,958	$ 461,968

[illegible]

IV. Reimbursements and Entitlement

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$ 75,000	$71,250	$56,250
Chapter I	$100,224	$95,213	$75,168
P.L. 94-142	$ 35,463	$33,690	$26,597
Other	$ -0-	$ -0-	$ -0-
TOTALS:	$210,687	$200,153	$158,015

V. Specific **actions** taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)

1. Eliminate competitive athletics from school program.
2. Eliminate educational field trips.
3. Reduce the computer commitment by half.
4. Place instructional aides on part-time status.
5. RIF one teacher position.
6. Place one teacher on half time status.
7. Drastically reduce supplies and materials.

VI. Specific **results** which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.

1. Eliminate two buses. Establish much longer bus routes.
2. Eliminate from the academic program music, counseling service, bilingual program, library and industrial arts. RIF three professional staff.
3. Eliminate summer academic enrichment program.
4. Eliminate student breakfast program.
5. Drastically reduce supplies, materials & equipment purchases.
6. Be unable to maintain accreditation under NCA or meet BIA standards.
7. RIF six paraprofessional staff.

School Board President

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Nazlini Boarding School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 151 Grades K to 6

b. #Day 81 #Boarding 70

Descriptive Narrative

Nazlini is in a remote area, 22 miles of dirt road south of Chinle. The school serves families living in the outlying areas of the community within an approximate 20 mile radius. The remoteness and unimproved roads to the community has prevented economic growth and development, thereby most community residents rely on the school for employment. More recently, the Office of Community Development has brought in some projects, like Youth Development, Farm Training Project and plus the structure of 40 hoursing units; Mutual Help and Low Rent Housing. The Nazlini School is a community school built in 1952. The school has been able to maintain its enrollment to the approximate capacity of the facility. The school serves students from Kindergarten through sixth grade. Roughly half of the student population stay in the school's dormitories. There is no multipurpose room or gym. The academic program follows the Chinle Agency Curriculum complemented by the Arizona State Guides. There is a strong emphasis on the language experience approach and learning by doing. The dormitories provide an extensive extra-curricular program including intra- and inter-mural sports and clubs such as 4-H and Indian.

II. Personnel Status

Contract Educators	Permenent Full-Time	Furlough	Temporary
4	2	26	

#Indian 28 #non-Indian 4 Total 32

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (25% cut)
Salaries	$ 457,344	72 %	74 %	80 %
Benefits	$ 50,251	8 %	9 %	10 %
Supplies & Materials	$ 25,280	4 %	2 %	3 %
Travel	$ 21,264	3 %	3 %	2 %
Equipment	$ 9.537	2 %	4 %	0 %
Contractual Services	$ 69,696	11 %	8 %	5 %
Other	$ 3.594	0 %	0 %	0 %
TOTAL:	$ 631,880	100%	$600,286	$442,316

_Nazlini, cont

IV. Reimbursements and Entitlement

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$ 35,012	$ 30,400	$22,800
Chapter I	$ 66,032	$ 79,150	$59,362
P.L. 94-142	$ 21,000	$ 21,000	$15,750
Other	$	$	$
TOTALS:	$ 122,044	$130,550	$97,912

V. Specific actions taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)

1. We are authorized 41 positions and have only 36 positions filled.
2. The vacant positions will not be filled; Intermittent, MVO - 2
3. Intermittent Dorm Aides, 1 Elementary Teacher & 2 employees for the
4. Library, 1 Food Service Worker and 1 Homeliving Assistant.
5. Only partial implementation of the Computer Literacy Program.
6.
7.

VI. Specific results which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.

1. Unable to meet the N.C.A. standards and the BIA minimum academic
2. standards and dormitory criteria. Shut down the dorms - RIF employees.
3. Lengthen furlough periods to include times when students are present,
4. limited bus run where parents will need to transport students to and
5. from school. As a day school program - food services would be limited
6. to one meal a day (lunch). Food service staff would be placed on
7. part-time basis.

School Board President

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Wide Ruins Boarding School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 138 Grades K to 5

b. #Day 44 #Boarding 94

Descriptive Narrative

Wide Ruins is a small community based school. To date the classes are small enough to give individualized attention. The school became North Central accredited in 1983. Computer literacy program will become a reality within this school year. The teachers and dorm aides conduct an hour of study hall nightly. Volunteer time is given to sponsor interest clubs for students. Family groups concept is being initiated in the dorms in order that children may benefit from positive parent/child modeling. "Whole language" is basis for academics and much interest is activated in developing the "whole" child.

II. Personnel Status

Contract Educators	Permanent Full-Time	Furlough	Temporary
17	1	25	1 *(part time)*

#Indian 35 #non-Indian 9 Total 44

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (2% cut)
Salaries	$ 529,673	70 %	78 %	80 %*
Benefits	$ 58,853	8 %	9 %	10 %
Supplies & Materials	$ 64,717	8 %	0 %	3 %
Travel	$ 50,064	4 %	3 %	2 %
Equipment	$ ------	- %	- %	- %
Contractual Services	$ 78,756	10 %	10 %	5 %
Other	$ --------	-- %	-- %	- %
TOTAL:	$ 762,063	100%	$ 702,850	$ 522,138

(*Fixed costs' percentages must increase with less money unless RIFs are conducted. But can the Personnel Offices process papers fast enough for savings to occur?)

IV. Reimbursements and Entitlement

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$ 32,032	$ 33,250	$ 26,250
Chapter I	$ 80,151	$ 61,640	$ 53,688
P.L. 94-142	$ 16,285	$ 16,276	$ 14,948
Other	$ ------	$ ------	$ ------
TOTALS:	$ 128,468	$ 111,166	$ 94,886

V. Specific **actions** taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)

1. *Reduce telephones from 10 to 4 (two lines).*
2. *Close dorms & kitchen every week-end.*
3. *Turn one vehicle back to GSA.*
4. *Convert all academic educational aides to six hour days.*
5. *Convert kitchen staff to six hour days.*
6. *Convert bus drivers to six hour days.*
7.

VI. Specific **results** which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.

1. *Abolish one position from kitchen.*
2. *Abolish three positions from dormitories.*
3. *Abolish two academic educational aide positions.*
4. *The loss of academic personnel will cause higher pubil-teacher ratio.*
5. *Would jeopardize North Central and BIA accreditation.*
6. *Purchasing necessary curricular items will be sharply curtailed.*
7. *Negative morale will be created within the school, community, and efficiency/effectiveness will drop.*

School Board President

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Beclabito Day School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 96 Grades K to 4

b. #Day xx #Boarding ____

Descriptive Narrative

Beclabito Day School serves communities with a steady growth rate. One community is completing a housing project and the other community has one planned. The main school facility was constructed in 1933, a metal classroom building was added in 1979 and an apartment was converted to a classroom in 1984. The school is filled to capacity and has a very active school board and strong support from parents. The achievement scores are at or near the national norms. It is in the process of seeking accreditation which is being delayed due to inadequate facilities. It has been making progress toward meeting the Education Standards in 25 CFR 36 but needs additional space and funds. It has a stable staff in spite of salaries being paid that are below the state salaries and governmental housing costs are more than public school housing.

II. Personnel Status

Contract Educators	Permanent Full-Time	Furlough	Temporary
6		4	5

#Indian 13 #non-Indian 2 Total 15

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (2% cut)
Salaries	$ 205,752	66%	70%	82%
Benefits	$ 22,861	7%	8%	10%
Supplies & Materials	$ 6,145	2%	1%	0%
Travel (includes student transportation)	$ 21,902	7%	7%	5%
Equipment	$ 15,814	5%	0%	0%
Contractual Services	$ 38,900	12%	13%	2%
Other	$ 1,326	1%	1%	4%
TOTAL:	$ 312,700	100%	$297,065	$ 234,525

Beclabito, cont'd.

IV. Reimbursements and Entitlement

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$ 26,100	$ 24,795	$ 19,575
Chapter I	$ 45,945	$ 43,647	$ 34,458
P.L. 94-142	$ -0-	$ -0-	$ -0-
Other	$	$	$
TOTALS:	$ 72,045	$ 68,442	$ 54,033

V. Specific actions taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)

1. Cannot meet North Central Accreditation standards*
2. Cannot bring the school into compliance w/25 CFR 36.1 to 36.61**
3. Maintain pupil/teacher ratios above 25 CFR standards
4. Eliminate library and counseling manhours
5. Eliminate one school vehicle
6. Delay implementation of computer literacy program & the updating of instructional materials
7.

VI. Specific results which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.

1. Increase teacher/pupil ratios
2. Shorten teacher contracts to 190 days
3. Eliminate food service staff along with the breakfast and lunch programs -- substitute a milk/snack program
4. Abolish all teacher aide posisions
5. Purchase no materials and supplies
6. Convert principal position to principal/teacher
7. Abolish secretarial position
8. Reduce student transportation costs 50% by staggering bus runs, and lengthening routes

School Board President

*Facilities need to be improved to accomodate a fully accredited program.

**The school would need an increase of $42,375 over the FY 85 budget in education funds to meet the requirements of 25 CFR 36.

REPRESENTATIVE SCHOOL PROFILE
NAVAJO BIA SCHOOL

Pine Springs Boarding School
(Name of School)

I. General Information

Student Body

a. Total Enrollment: 55 Grades K to 3

b. #Day 19 #Boarding 36

Descriptive Narrative

The Pine Springs School must be considered to be quite remote. Even though the school is located only 14 miles north of I-40 and quite close to the Navajo Nation Capitol of Window Rock, the very poor condition of the roads make the school very difficult to get to. The school was built back in the early 1930s of native stone and, because of the quality workmanship, can still be considered in good repair. The student dormitories are barracks style. The school serves grades K through 3 and is right at capacity in attendance. The school tries to do the best job it can to serve the students so that they will be able to continue in whatever school they choose. The school provides a home-like atmosphere so that the children will feel at ease and a part of Navajo family living in spite of the fact that they are away at boarding school. The school board would like to pursue accreditation but this is very difficult because of the considerable lack of resources at such a small school. The school serves families who are located too far away from the bus routes and students whose families are forced to work a long way away from the community. The community has always been supportive of the school; therefore, the school's enrollment has remained stable through the years.

II. Personnel Status

Contract Educators	Permanent Full-Time	Furlough	Temporary
3		12	

#Indian 14 #non-Indian 1 Total 15

III. Budget - ISEP

	FY 85		FY 86 (5% cut)	FY 87 (2% cut)
Salaries	$ 228,992	65%	71%	81%
Benefits	$ 40,411	12%	14%	17%
Supplies & Materials	$ 16,829	5%	1%	0%
Travel	$ 19,750	6%	5%	0%
Equipment	$ 776	1%	0%	0%
Contractual Services	$ 29,626	9%	8%	0%
Other	$ 5,500	2%	1%	0%
TOTAL:	$ 341,985	100%	$ 324,791	$ 243,593

IV. **Reimbursements and Entitlement**

	FY 85	FY 86 (-5%)	FY 87 (-25%)
U.S.D.A.	$14,000	$12,900	$ 9,675
Chapter I	$50,220*	$15,909	$11,932
P.L. 94-142	$	$	$
Other	$ -0-	$ -0-	$ -0-
TOTALS:	$64,220	$28,807	$21,607

V. **Specific actions taken or planned to absorb FY 86 5% cut under Gramm-Rudman-Hollings. (either list or provide narrative)**

1. Two positions in the dorm have been abolished.
2. Motor vehicle operator will work part-time.
3. We have had to cut down on supplies & materials for the students.
4. Fund raising activities are being done.
5. No travel or training.
6. No compensatory time or overtime is granted.
7. Staff are going on furlough six pay periods.

VI. **Specific results which will occur if 25% cuts occur in FY 87 under Gramm-Rudman-Hollings.**

1. We will be unable to meet criteria for 25 CFR, Part 36 - BIA standards.
2. We will have to revise food contract, laundry contract & have no contracts for repairs and maintenance of machines.
3. We will be unable to buy books, textbooks, materials for the classroom and generally deprive the children of obtaining a quality education.
4. We will be unable to begin any process toward accreditation.
5. The possibility of being forced to close would be very real.
6.
7.

School Board President

**Coordinator position was charged to another location starting in FY 86.

NAVAJO COMMUNITY COLLEGE

Budget Cut of 80% From 1980 - 1987

A Statement By

Navajo Community College

To

The Senate Select Committee On Indian Affairs

February 19, 1986

In this statement we wish to address the basics--by this we are talking about basic survival for Navajo Community College. During this period of national fiscal belt-tightening we do not ask to be exempted from budget cuts that affect almost everyone across the Nation. What we ask is that we receive the funding to which we are legally entitled under Public Law 98-192. We ask that our needs be assessed by the same standards as those of other educational institutions receiving federal funds such as Bureau of Indian Affairs schools. We ask for funding to maintain the integrity of Navajo Community.

BACKGROUND

Navajo Community College was established in 1969. It is the oldest and largest tribally controlled community college in the United States.

Facilities that exist at the Tsaile campus were funded by Public Law 92-189 (Navajo Community College Act). Public Law 92-189 provided funding for Navajo Community College on a needs basis. This provided the College a period of growth and development during which Phase I of the existing building plan was completed and a full complement of educational programs were set up. Today, the buildings, funded by various federal sources, are valued at close to $30 million.

In 1978 Public Law 92-189 was amended by Public Law 95-471. Funding for all tribally controlled community colleges, including Navajo Community College, was calculated using the Full Time

Equivalency formula (FTE) whereby full-time Indian students carrying 12 credit hours or more per semester are counted as one (1) FTE. Part time student count is calculated by adding up the total semester credit hours of all part-time students and dividing by 12. This figure is added to the full-time student figure and then divided by 2 to arrive at the annual FTE count. As a result of our funding being based upon the FTE formula, Navajo Community College funding dropped from $6.4 million to $3.1 million in 1980.

Recognizing the drastic impact of this formula, Congress amended Public Law 95-471 in 1980 with Public Law 96-374 which legally put Navajo Community College back on a needs basis. However, in order for this legislation to be implemented, the Bureau of Indian Affairs (BIA) needed to develop the rules and regulations, which was not done.

In 1983 Public Law 98-192 reauthorized Public Law 95-471. This legislation reaffirmed Public Law 96-374. Once again, the Bureau of Indian Affairs failed to develop the necessary rules and regulations and now the entire act is ready to expire without being implemented.

In January of 1985 the Office of Indian Education sent a team to Navajo Community College to conduct an evaluation to determine the level of funding required for Navajo Community College on a needs basis. After a year and two months, the 1985 study is still in draft form!

A follow-up study was made in December of 1985 which concentrated only on facility needs. T his study upheld and reconfirmed all recommendations made on the facility needs of Navajo Community College in the original study.

Today, six years after passage of the Public Law 96-374 which reverted Navajo Community College funding back to needs basis, we are still funded by the FTE formula contained in the expired legislation (Public Law 95-471).

Through various efforts in the years since 1980, our overall federal funding has been increased back to $3.8 million from $3.1 million, but this still represents a 50% cut from the level of funding we received prior to 1980.

We believe the Bureau of Indian Affairs people do not realize the drastic effects of this cut. For the past six years we have been struggling to deliver quality educational services and at the same time meet huge maintenance costs with inadequate funding.

As a result of the 1985 Bureau of Indian Affairs Study, we request partial funding on needs basis and partial on a formula as follows:

A. Formula Funding - Indian Student Count (ISC).

Firstly, we urge that Navajo Community College be allowed to utilize the Indian Student Count as a part of its funding formula. We believe that some count must be maintained which measures student as well as institutional growth. Indian Student Count is more accurate and appropriate because it provides for funding beyond the 12 credit hours that FTE formula doesn't provide.

The FTE ignores all credit hours taken by Indian students above a maximum of 12. A semester by semester breakdown of student credit hours for the past two years shows that this formula is restrictive and self defeating. Complete analysis shows that FTE formula funding has cost Navajo Community College between $300,000 and $500,000 per semester for credit hours beyond the 12 credit hours criteria. Had our funding been based on ISC contained in the current formula required by Public Law 98-192, Navajo Community College could meet many of its instructional costs (Exhibit A).

In addition, the ISC formula, unlike the FTE, includes a count of credit hours earned during summer school. Because of the huge population we serve, there is a great need for a summer school program.

Being restricted to the FTE formula has created serious financial hardships for Navajo Community College. Because we are funded at a much lower level, the main campus at Tsaile is unable to support itself. In addition, this low level of funding contributes to many instabilities such as the high turnover among our instructional staff and a poor image of the College's overall quality. A comparison between public school teachers on the Navajo Reservation with bachelors degrees and Navajo Community College instructors who are required to have masters degrees shows the following disparity in starting salaries.

Navajo Community College instructors with M.A.	$14,000
Public school teacher with a B.A.	$16,000

Finally, this continuing dearth of resources keeps us from meeting demands for postsecondary education made by the Navajo Nation. The Tribal Council has named Navajo Community College the official entity to coordinate all postsecondary education and training for the Navajo Nation. The demands for services from tribal departments and agencies are steadily increasing. Yet, because of our funding situation, we can't meet many of these demands.

B. Needs Basis

Secondly, the Bureau of Indian Affairs appropriates the sum of $3.23 per square foot for maintenance and operation at their BIA schools. According to the December, 1985, Follow-Up Study by the Office of Education, our per square foot appropriation for maintenance and operations on the Tsaile campus was $2 per square foot less than the BIA appropriation. Applying this formula to the 434,500 square feet of facility space at Tsaile, we find that we are being allocated a bare $1.23 per square foot!

The result of this misallocation is: Tsaile campus is short 30 maintenance people, Tsaile campus has inadequate maintenance equipment, Tsaile campus has only minimal maintenance services (even emergency jobs must be put on a waiting list), and Tsaile campus has no prevention maintenance whatsoever.

Several different problems exist at the Shiprock, New Mexico, campus: Prior to this fiscal year, agreements on providing janitorial service in the main building and payment for utilities was maintained through use permits between Navajo Community College and the Bureau of Indian Affairs. Recently, the BIA solicitor ruled that use permits are illegal because "funds received under a public law require there be a contract in the annual appropriation." Accordingly, we requested that the BIA people in Gallup, New Mexico, draw up a contract for us, which was then sent to Washington, D.C. Since September, 1985, we haven't had any feedback about this contract. Meanwhile, the BIA has ceased to provide janitorial services to the main Shiprock building. As a consequence, Shiprock campus has had to take monies out of its instructional budget (a total of $65,758 for fiscal year 1986) to cover janitorial services to the main building. This money provides for only three people plus supplies to maintain over 129,448 square feet.

More seriously, since 1980 Navajo Community College has asked the BIA to survey and make necessary repairs to the main Shiprock campus facility so that it can be transferred to the Navajo Tribe. Bureau of Indian Affairs has made extensive study of this facility prior to the occupancy of the facility by Navajo Community College. The studies show a need for millions of dollars for major repairs.
Navajo Community College has, at its own expense, had architectural and engineering surveys made which show that $3.5 million in renovations is necessary before the structure

can be considered adequate to meet the educational needs of Navajo Community College at the Shiprock campus.

We ask that we receive the BIA minimum of $3.23 per square foot, considered adequate for facility maintenance for both the Tsaile and Shiprock campuses (the Shiprock campus has never received any maintenance and operation funds for the main building), and that the BIA be requested to ask the administration for general services to begin the survey of Shiprock campus.

C. Major Repairs and Renovations

The North Central Accreditation evaluation team and the BIA evaluation team both found the Tsaile facility in a state of advanced deterioration and stated that emergency renovations were needed. Dr. Eugene Leitka of the Albuquerque BIA Education Office, who made the December 1985 Follow-Up Study on facility needs, verified the earlier studies. Three independent architectural studies show that a number of problems need to be addressed immediately. Namely:

> The administration building, gymnasium, some dormitories and faculty housing all need new roofs. They are 14 years old and badly deteriorated. Major cracks have been found in the walls and floors of the cafeteria, student union and classroom building due to unusually absorbent and expansive soil conditions. Both problems need to be remedied immediately. A comprehensive site drainage system needs to be implemented, and the College water system is still

without filtration equipment which causes calcification of pipes and early failure of boilers and appliances (see Exhibit B). We ask for a special allocation of $2 million at $500,000 per year for the next four years to make these emergency renovations.

CONCLUSION

We propose and request that the BIA begin developing regulations to enable Navajo Community College to receive funding based on needs under Public Law 98-192. We also request that ISC formula be used as a portion of the funding rather than the FTE formula.

If the budget cuts in the Gramm-Rudman-Hollings Bill are put into effect without any ameliorating measures, Navajo Community College will receive a 5% across-the-board budget cut this year and a 25% cut in 1987. Added to the cut of 50% which the College took in 1980 when we were put on FTE based funding, our budget cuts over a seven-year period will total 80%.

We request that per square foot maintenance and operations funding for both Shiprock and Tsaile campuses be fixed at $3.23 per square foot. In our next fiscal year budget we plan to request $1,821,525 for maintenance of $434,500 square foot at the Tsaile campus and a $418,100 to cover maintenance for an additional $129,448 square feet at the Shiprock campus.

Further, we request that we be given a total of $2 million over a four-year period to be allocated in $500,000 increments to make the necessary emergency renovations to the Tsaile campus.

The dream of a college operated by the Navajo people was born out of the needs of generations of Navajo youngsters who left the reservation for institutions of higher education, only to come home failed and confused, defeated by institutions insensitive to their needs. Navajo Community College was created to answer those needs. What we ask is nothing less than that you allow Navajo Community College to continue.

EXHIBIT A

Enrollment Based Funding Lost Due to Use Of FTE Formula

Semester	Total Credit Hours	Lost Credit Hours	Lost Funds
Spring 1984	1,237	103	$ 412,000
Fall 1985	928	77	308,000
Spring 1985	1,430	120	480,000
Fall 1985	965	80	320,000
Spring 1986	1,624	135	540,000
		Total funds lost to FTE	$2,060,000

Total Credit Hours

Represents total Indian student credit hours as counted under ISC formula.

Lost Credit Hours

Represents Indian student credit hours not counted under FTE formula.

Lost Funds

Represents enrollment based funding but due to use of FTE formula.

EXHIBIT B

Cost Estimates
Tsaile Campus Facility Improvements

Cultural Center	$ 411,800
Cafeteria	250,000
Classroom Building	233,200
Gymnasium	155,430
Student Union Building	540,000
Special Classroom Building	40,750
Library	20,250
Faculty Housing	320,000
TOTAL -	$2,037,930

From an architectural survey prepared for Navajo Community College in 1984 by Albuquerque Architect Leon W. Shirley, A.I.A.

STATEMENT
OF
THE NORTON SOUND HEALTH CORPORATION
ON THE
F.Y. 1987 INDIAN HEALTH SERVICE BUDGET REQUEST
AND
THE PROPOSED 1986 RESCISSIONS

The Norton Sound Health Corporation (NSHC) operates the Norton Sound Regional Hospital in Nome, Alaska, and community health services for Alaska Natives in the Norton Sound region under the Indian Self-Determination and Education Assistance Act. NSHC is a tribal organization representing the Alaska Native villages of the Norton Sound region. It has not concluded its contract budget negotiations for F.Y. 1985 because the funding level proposed by IHS (approximately $5.4 million) is less than the minimum required for adequate and prudent performance of the services called for in the contract scope of work.

The Government has agreed to renegotiate the funding level of the NSHC contract under the principles described in the attached Position Paper. It has promised to adjust the NSHC budget upward if the renegotiation process establishes an equitable funding level higher than $5.4 million. It has presented a proposed method of re-establishing the base funding level for NSHC for F.Y. 1986 and has agreed to negotiate further as to certain elements of that proposal to which NSHC objects. See attached response from the Deputy Administrator of HRSA to the Position Paper.

The objectionable elements are:

(1) an inadequate adjustment (14%) for executive direction and contract administration costs -- NSHC's present negotiated overhead rate is 27% and its budget presentation to IHS establishes a need for approximately that amount to meet essential administrative requirements for contract administration, finance, insurance and similar costs for activities not performed by IHS in operating similar programs.

(2) the proposal to deduct from the funding level for meeting the health needs for Alaska Natives in the region based

on nation-wide equitable considerations (health statistics, comparative costs, etc.) the amount of "program income" collected by NSHC last year and "alternative resources" for health services which can be identified.

While the NSHC-IHS negotiations have already indicated that NSHC is substantially under-funded based on IHS' estimate of what its costs would be to provide the same services in the NSHC region, the application of the two objectionable factors noted above would reduce NSHC funding below its present level by some $630,000 and require NSHC to give up the operation of the present program.

Generally, IHS contracts and guidelines under P.L. 93-638 provide that "program income" may be retained and expended to provide health services to Indians and Alaska Natives within the scope of the contract program. State assistance does not duplicate IHS programs but sometimes provides a matching grant without which neither form of assistance would meet the health need being addressed. At present IHS lacks any reasonable methodology for accurately comparing such "alternative resources" which do, in fact, duplicate IHS support so that a reduction on the basis of such alternative resources can be equitably distributed.

NSHC will be meeting again with IHS and HRSA on February 25-26 to seek to negotiate a reasonable funding level to permit the continuation of health services to the Alaska Natives of the Norton Sound region. NSHC will be seeking sufficient funds to maintain the level of services now provided for in the scope of work and an adequate administrative budget to meet financial reporting, record-keeping and similar requirements to protect both the health of the Native beneficiaries and the NSHC Board against liability for malpractice or other negligence in administering the program.

While we believe that the HRSA and IHS commitment to renegotiate the budget has been made in good faith and are convinced that the proposal for a flat administrative fee of 14% regardless of need and the deduction of program income and alternative resources will be abandoned because they make no sense, we are alarmed that the rescission request appears to deprive IHS of the funding which would be required to adjust the NSHC budget for F.Y. 1986 upward to a more equitable level.

Apparently, the funds earmarked for 638 contract support (approximately $3,000,000) are included in the rescission request as well as other increases for hospitals and clinics which would permit IHS to raise the NSHC funding level in case the present negotiations lead to a determination that equity dictates such an increase. Indeed, IHS in its testimony on the F.Y. 1986 request clearly stated a need for $12,000,000 in contract support in order to provide an equitable adjustment for 638 health programs. The Administration's request to rescind the limited amount appropriated by the Congress is difficult to reconcile with the Administration's official emphasis on encouraging tribal operation of health programs under P.L. 93-638. We also find it difficult to reconcile with the Administration's continued insistence to us through IHS officials and the Deputy Administrator of HRSA, Dr. Edward Martin, that it fully recognizes the need for contract support funding and encourages tribal administration of health programs.

Consequently, NSHC has grave doubts about the usefulness of the negotiating process in which it is engaged with IHS. It is convinced that a review of objective factors reflecting health care needs and costs will justify an increase in its IHS funding base. But it is also concerned that the absence of funds to make such an adjustment will force IHS to default on its commitments or to insist on inequitable or arbitrary adjustments (such as reducing the level of IHS funding based on "program income" or State assistance).

NSHC urges the Congress (1) promptly to deny the request to rescind IHS appropriations for F.Y. 1986; (2) to instruct IHS to adhere to the past congressional mandates against offsetting program income against IHS assistance and to defer any plan to reallocate IHS funds based on so-called "alternative resources" until methods for developing and evaluating data on the extent to which such assistance actually duplicates assistance available from IHS can be put in place; and (3) to include funds in the F.Y. 1987 budget which will meet IHS estimates of the need for 638 contract administration funding.

Attachments.

REC'D FEB - 5 1986

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Health Resources and Services
Administration
Rockville MD 20857

FEB 04 1986

S. Bobo Dean, Esquire
Hobbs, Straus, Dean & Wilder
1819 H Street, N.W., Suite 800
Washington, D.C. 20006

Dear Mr. Dean:

Thank you for your letter of January 13 informing me of the dates preferred by the Norton Sound Health Corporation (NSHC) for scheduling the second meeting to discuss the proposed new method for determining the funding level for the NSHC Fiscal Year (FY) 1986 contract.

I understand that the meeting will take place February 25 and 26 at the Alaska Area Native Health Service (AANHS) in Anchorage. Although prior commitments prevent my participating in the meeting, Indian Health Service (IHS) Headquarters officials including Dr. Robert Birch and Mr. Cliff Wiggins and a representative of the Office of Programs Operations, as well as Mr. Duke McCloud of the Office of the General Counsel, will join staff from the AANHS in meeting with you and representatives from the NSHC. Our representatives will be prepared to discuss the pilot project in further detail as followup to the December 12-13, 1985 meeting and will, of course, look forward to your, and your client's, comments and suggestions. They will also discuss the information NSHC has compiled on specific costs to NSHC of administering the IHS contract. I would hope that, after the February 25-26 meeting, both parties will be prepared to proceed in March to negotiate the FY 1986 NSHC contract either on the basis of the revised resource allocation method or on the current allocation policy.

Should you wish to discuss this further or should you have any questions regarding this matter, please contact either Mr. Jim Armbrust of the AANHS, telephone 907 265-9368; or Dr. Birch at IHS Headquarters, telephone 301 443-1044.

Thank you for your willingness to participate in this project and to share your time and concerns in working with us to continue to improve Indian self-determination activities.

Sincerely yours,

Ed Martin

Edward D. Martin, M.D.
Acting Deputy Administrator
Assistant Surgeon General

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January 7, 1986

Dr. Robert Birch
Acting Director
Division of Indian Resources Liaison
U. S. Public Health Service
Room 6A37 Park Lawn Building
5600 Fishers Lane
Rockville, MD 20857

Re: Norton Sound Health Corporation

Dear Dr. Birch:

In order for the Norton Sound Health Corporation to prepare intelligently for the next round of negotiations, it will need to have (in addition to the materials already promised) the funding level adjusted in accordance with ISDM 85-3 based on the recently enacted F.Y. 1986 appropriation act.

We have prepared the enclosed position paper on the status of negotiations for consideration by the NSHC Board of Directors at a meeting on January 15. If -- on review of this paper -- the Indian Health Service wishes any other matters to be brought to the attention of the Board, please let me know. The Board will be reviewing the status of negotiations at that time and providing instruction of its staff.

We understand from Mr. McCloud that the RRM "program" will be provided for review by Ernst & Whinney well in advance of the next negotiation session. That session should be scheduled in the near future to permit advance travel arrangements and completion of negotiations prior to April 1.

As NSHC has confirmed in writing to the Area Office (see enclosure), NSHC has made no determination to operate the program throughout F.Y. 1986 and is accepting the extension through March 31 based on the Government's commitment made by you, Mr. McCloud, Mr. Moran, Dr. Martin and the Area Office to engage in good faith negotiations to readjust the recurring funding level on the program based on rational comparisons of cost data and the projected costs to IHS of operating the program.

We agree that the first session was useful and hope that negotiations can be concluded in the same spirit.

Sincerely yours,

HOBBS, STRAUS, DEAN & WILDER

S Bobo Dean

By: S. Bobo Dean

Encl.

cc: Ms. Carolyn Michels
Dr. Edward Martin
Mr. James Armbrust
Duke McCloud, Esquire
Mr. Joseph Moran

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January 6, 1986

POSITION PAPER ON FISCAL YEAR 1986 CONTRACT NEGOTIATION AND CONTINUED OPERATION AS IHS CONTRACTOR

The purpose of this paper is to inform the Norton Sound Health Corporation's (NSHC) Board of Directors of the progress made to date in our negotiation with the Indian Health Service (IHS) regarding the level of funding for NSHC in fiscal year (F.Y.) 1986, and to address what action the Board should take if the negotiation fails.

Generally, we feel cautiously optimistic about the negotiations. The IHS has committed itself to funding the NSHC program at least at the level at which it would be funded if it were an IHS program by using a rational statistical method of determining need (the Resource Requirement Methodology, or "RRM"). In addition, IHS has agreed to an adjustment to include contract administrative costs and "executive direction." This approach is one which may lead to an increase above the $5.4 million offered by IHS based on the F.Y. 1985 funding level.

Unless NSHC proceeds with this approach, we see no possibility of an increase in the funding base of your program except for minor inflationary adjustments based on the F.Y. 1986 appropriation act as permitted by present IHS guidelines (Indian Self-Determination Memorandum 85-3).

On the other hand, there still remain substantial problems with the current IHS proposal. The "bottom line" figure of $4.8 million is $600,000 less than the IHS offer under the old system. This is due primarily to the IHS proposal to deduct projected third-party collections for services to Alaska Natives and state funding from the needs identified by the RRM, and a large difference in IHS and NSHC calculations of "non-RRM elements" (that is, costs incurred by a 638 contractor which would not be incurred by IHS). There are also some differences in various programs between the needs established by RRM and the NSHC budget request, but the program subtotals arrived at by RRM and by NSHC are very close.

The IHS proposed at the Anchorage meeting in December to deduct $1.95 million from the needs identified by RRM due to anticipated third-party collections. At the negotiation, the auditor, Mr. Orie Orien of Ernst and Whinney, argued that the method used by IHS to determine this amount is fundamentally flawed and over-estimates the total amount of such collections. The IHS officials at the meeting appeared to take Mr. Orien's comments seriously and are currently reviewing their method of projecting third-party collections, and Ernst and Whinney is preparing a written analysis on the matter. There is a strong possibility that IHS will decrease anticipated third-party collections and therefore increase the proposed funding level. Moreover, considering third-party collections at all in determining NSHC's funding level seems inconsistent with the existing IHS policy on the retention of third-party income by 638 contractors and IHS service units to provide additional health services.

The IHS proposal also deducts about $650,000 in state funding from the RRM requirement, and IHS officials have asked NSHC to identify additional sources of state funding. At the negotiation, however, IHS officials agreed that federal program funds should not be offset against state funds to the extent that the state programs are different from the federal programs. Also, Mr. Orien has shown that the IHS proposal over-estimates the proportion of state program funding allocated to services to Alaska Natives. An offset for such alternative or additional health resources also presents serious problems of fairness since it is much easier to identify "alternative resources" where there is a single source of health care than in urban locations with plural health programs. We will argue in negotiations that the proposed state funding offset should be substantially reduced or eliminated altogether.

The IHS proposal also severely under-estimates "non-RRM elements," setting arbitrary rates of 12% of the program subtotal for "administrative functions" and 2% for "executive direction." The NSHC proposal includes a budget for non-RRM elements, rather than arbitrary rates, and funds these elements at $2.8 million above the IHS proposal. The IHS has committed itself to using a budget as the basis for the negotiation of these costs, rather than the arbitrary rates. While the administrative budget may be subject to refinement in negotiations, we understand that it is supported by documentation and should be accepted by IHS as the amount needed to perform essential contract support functions.

The current negotiation may well lead to a level of funding for the NSHC in F.Y. 1986 which will exceed $5.4 million and will be sufficient to continue to operate the hospital and village programs on a sound financial and programmatic basis. There is the possibility, however, that the negotiation will fail to establish a level of funding which the Board will be able to accept, in which case the Board would have to choose from among various unattractive alternatives. We have identified three such alternatives: (1) operating a bare-bones program within the available $5.4 million; (2) retroceding the contract and relying on IHS to provide health services directly; and (3) providing health care to Alaska Natives as a contract care provider, rather than as a 638 contractor.

None of these alternatives will result in any increase of IHS financial support. The first alternative would not meet the health needs of the region, although it would allow NSHC to continue to operate a severely reduced program. Long-delayed inflationary personnel raises can no longer be postponed, and these would further reduce the level of services. The second alternative would not allow you to continue to operate, and it is questionable whether the IHS would step in and operate the programs which NSHC now operates (especially the hospital). Probably, it would provide contract health care as the principal health resource for the region. We see no significant financial advantage to dropping the 638 contract and seeking to operate as a contract care provider. Contract care procurement is discretionary and NSHC would lose its present leverage as a 638 contractor (with which IHS must contract unless it can decline under standards prescribed by law).

We have also considered two possible alternatives which do not appear to us to constitute significant options. First, we see nothing to be gained by negotiating a "cooperative agreement," instead of an 638 contract with IHS. IHS has no guidelines for such an agreement, and no additional funds would result from that alternative. Cooperative agreements are intended to be used when federal involvement in the management of the program is desired, and we see no advantage in greater federal involvement in the management of your program. We have been informed by HRSA that no such agrements for the operation of health programs for Indians are in place at this time, although negotiations for such an agreement on the Red Lake Reservation have gone on intermittently for several years.

Use of a health maintenance organization has been suggested as an alternative for your region. IHS provides funds to a non-Indian health maintenance organization for contract health care for members of the Pascua-Yaqui Tribe in Arizona. You may wish to discuss this alternative with the tribal chairman, David Ramirez at 602-883-2638. Operation of a hospital is not involved in this arrangement.

As you know, we have attempted to determine whether there is some alternative involving the "private sector" which could improve health services in your region. Our contacts with the Humana Corporation suggest that its only interest would be in an insurance arrangement, not in operating a hospital in Nome. The Humana home office has suggested that you may wish to talk with its hospital administrator in Anchorage.

If NSHC wishes to explore these other alternatives, we recommend (1) that your staff may wish to meet with such providers as the Fairbanks Memorial Hospital or with a health care provider such as the Humana Corporation to gather information and (2) you may wish to employ a qualified health planner to evaluate the alternatives. As already noted, we suspect that such a study will conclude that NSHC would be adversely affected by such a change in status, but we are not qualified as a law firm to make that judgment. We would be glad to work with a qualified health planner to provide any legal analysis that he might need.

We have provided a copy of this position paper to the Government's attorney, Mr. McCloud, and informed him that the Board will be considering the question of whether to continue these negotiations in the light of this paper at its meeting on January 15, 1986. We are also providing a copy to your congressional delegation. We assume that the Government will contact the Board directly in advance of the meeting if it feels that any other aspects of this matter should be considered in reaching a decision.

HOBBS, STRAUS, DEAN & WILDER

NSHC
founded-1970
nome

NORTON SOUND
HEALTH CORPORATION

P.O. BOX 966
NOME, ALASKA 99762
(907) 443-5411

December 30, 1985

Mr. John Green
Alaska Area Native Health Service
Department of Health & Human Services
Box 7-741
Anchorage, Alaska 99510

Contract Ref. #86-024

Dear John:

Enclosed is the signed copy of Modification Number Twenty Five (25) which provides funding for the three month period ending March 30, 1986.

While we have agreed to sign this Modification independent of formal assurance that additional monies will be available for use in this time period based on my letter of December 16, 1985, to Jim Armbrust, it is my understanding from Jim that another letter is forthcoming which provides for an increase in the contract sum to allow for the identified additional activity. Although the increased dollar amount is still to be negotiated, it is on this condition that this modification has been signed which obligates NSHC to provide contract services to IHS Beneficiaries.

As referenced in your letter, the additional $60,000 received in the first quarter of FY86 should be deducted from patient utilization activity in the hospital. This figure will coincide with the amount which we are requesting to be added, for this purpose, into the contract for January through March.

It is important to note that the Norton Sound Health Corporation Board of Directors has not reached an agreement to operate IHS services, based on this level of funding, for all of FY86. We are obligating only for the period of this extension to allow additional time to "walk through" the new contract methodology which the IHS is proposing to implement in FY87.

We look forward to receiving Mr. Armbrust's correspondence which we understand will generate an additional modification to our contract. If you require further information, please do not hesitate to contact me.

Sincerely,

Carolyn Michels

Carolyn J. Michels
Executive Director

CJM/pl

Enc.

cc: Jim Armbrust, Contract Health Care
✓Bobo Dean

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BEFORE THE
SENATE SELECT COMMITTEE
ON INDIAN AFFAIRS

Statement of the
Northwestern Band of the Shoshoni Nation
Regarding
1987 Interior Budget

February 14, 1986

Kenneth L. Neaman, Chairman
Northwestern Band of Shoshoni Nation
P.O. Box 364
Fort Hall, Idaho 83203
(307) 382-3943

Historical Background

Presently there are approximately two hundred and eighty five (285) members in the band. The band was a party to two treaties with the United States, the Treaty of Box Elder of 1863, 13 Stat. 63 and the Treaty of Fort Bridger of 1868, 15 Stat. 673.

The Northwestern Band was a part of the larger Northern Shoshoni Nation under Chief Washakie and at one time in the 1860's was comprised of 1500 people. The band primarily occupied northern Utah and southern Idaho but moved freely and among the other Shoshoni and Bannock throughout the Northern Shoshoni aboriginal territory. The Indian Claims Commission identified those lands as the exclusive use area of the Shoshoni Nation. See attached map.

Through the late 1840's, with the travel of emigrants to Oregon and California on the Oregon Trial the game relied upon by the Northwestern Band and others of the Shoshoni Nation became depleted. Thereafter, with the arrival of the Mormon settlers, the rich fertile lands of Cache Valley and other northern Utah counties became inhabitated with settlers and of course this also resulted in the elimination of food supplies upon which the Northwestern Band relied.

During the 1840's and 1850's the Northwestern Band and the Mormon settlers coexisted in northern Utah but the Northwestern Band had to rely upon the Mormons for food because the settlers used the natural grasses for their livestock and relied on the same game for subsistence.

As traffic increased along the Oregon Trial and with the initiation of the overland mail route hostilities increased between the Shoshoni and whites. The confrontations increased with the decrease in game and other food supplies as the Shoshoni raided the travelers and mail stations for food supplies, horses and weapons. The desperate situation of the Northwestern Shoshoni was compounded by the discovery of gold in Montana, and as a result miners traveled from Salt Lake City to Montana directly through the home lands of the Band.

In 1862 in a move to maintain open lines of communication between the east and California, the California Volunteers led by Col. Patrick Connor were ordered to protect the Overland Mail Route and eventually established Ft. Douglas in Salt Lake City, Utah.

In an effort to quash the "Indian problem" Col. Connor ordered an attack on the Northwestern Band in January in order to eliminate the possibility that the Shoshoni could escape. On January 29, 1863, Connor's forces attacked the encamped Northwestern Band on Battle Creek. Two hundred and fifty Northwestern Shoshoni were massacred, including women and children. Chief Bear Hunter was brutally murdered and the bodies of others were mutilated by the soldiers. The Bear River Massacre represents the single largest massacre of Indians in the United States.

Thereafter a treaty of peace was entered into between the United States and the Northwestern Shoshoni and is known as the Treaty of Box Elder of 1863.

Pursuant to the Treaty of 1868, a reservation was established for the Eastern Band of Shoshoni. In 1867, pursuant to Executive Order the reservation at Fort Hall, Idaho was set aside for the mixed bands of Shoshoni and Bannock. Thereafter some of the Northwestern Shoshoni moved to Ft. Hall.

Others remained in northern Utah and southern Idaho and eventually became converts to Mormonism in 1875. With no land or the means to survive, the remaining Northwestern Shoshoni applied for homesteads in the Malad Valley in northern Utah. Through 1880 to 1900's approximately 4,800 acres were homesteaded by the Northwestern Shoshoni with the assistance of non-Indian Mormons. In the early 1900's the land was placed on the tax rolls and lost through non-payment of taxes or was sold to Mormon's or the LDS Church. Only 4 of the original 40 allotments remain in trust ownership.

The current membership of the Northwestern Band of Shoshoni Nation are primarily the descendants of those early Mormon converts. In 1935, the Northwestern Band of Shoshoni adopted the Indian Reorganization Act but did not organize under it. From 1950 on the Northwestern Shoshoni further scattered as they left the Church farm they had worked to seek employment elsewhere.

Throughout this time the Northwestern Shoshoni have continued to be a separate Tribe with elected officials. Most continue to speak Shoshoni and their general council meetings are conducted in Shoshoni. There has been little intermarriage with the non-Indian population. In 1979 the LDS Church returned 184 acres of the Northwestern Shoshoni land and it is now held in trust by the United States. A constitution drafted by the Tribal Council is being reviewed by the Interior Depar̈ment.

In 1985, some services from the Bureau of Indian Affairs were obtained. In 1986 the Tribal Council hopes to establish access to health care services for the Tribal membership.

Current IHS Services Available

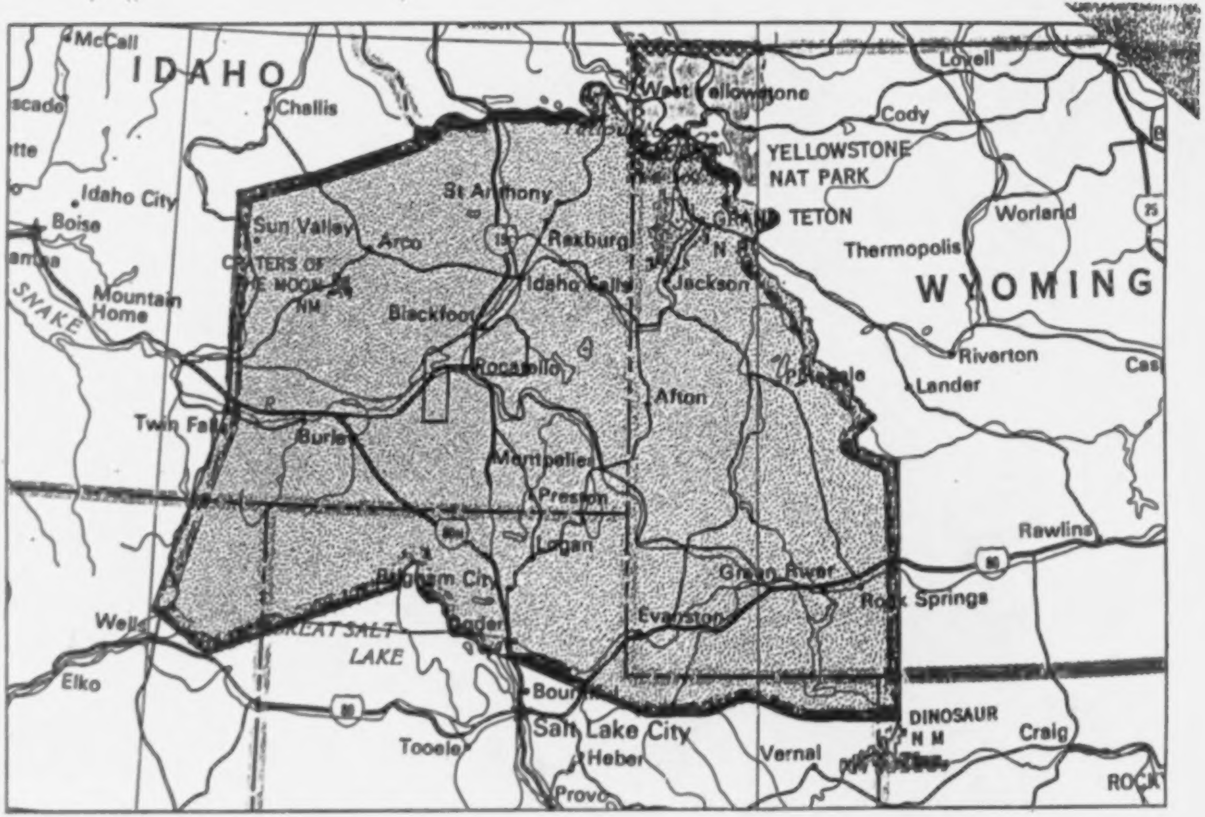
Approximately 145 Northwestern Shoshoni live in Northern Utah and 80 in the Pocatello, Idaho area. In the past, some Northwestern Shoshoni have received direct service from the Indian Health Service clinic at Fort Hall, Idaho, but have been denied contract health care service even if they resided on the reservation at Ft. Hall. Recently, the Tribal Council met with Robert Palmer, DMD, Ft. Hall Indian Health Center. He claimed the current policy was to provide contract health care to Northwestern Shoshoni if they resided on the reservation. The Tribal Council had not been aware of this policy.

In Salt Lake City, the Salt Lake Indian Health Center provides a clinic on a fee for service basis depending on income. Most of the Northwestern Shoshoni live between Salt Lake City and Ft. Hall, a distance of one hundred and sixty miles. The Tribal Council was unaware of this facility.

Because of the great distance between these two facilities and the fact they do not offer major emergency medical treatment among their services, a designation of certain Utah and Idaho Counties as a service delivery area would seem to be appropriate. Those counties in Utah are Box Elder, Weber, Davis, Salt Lake and Utah. In Idaho they are Bingham, Bannock and Power Counties.

Further, the tribe has requested funding to develop a tribal health plan from the Phoenix and Portland Area Offices, but no funding has been made available and until the funding situation is clear none apparently will be forthcoming.

In conjunction with designating a service delivery area, funding is needed for contract health care. However, IHS has not been able to tell the Tribe the criteria for determining the level of funding necessary to provide IHS services.


IDAHO
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Idaho City
Boise
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SNAKE
Sun Valley
Arco
CRATERS OF THE MOON NM
St Anthony
Rexburg
Idaho Falls
Blackfoot
Pocatello
Twin Falls
Burley
Montpelier
Preston
Logan
Brigham City
Ogden
GREAT SALT LAKE
Wells
Elko
Bountiful
Salt Lake City
Tooele
Heber
Provo
Vernal
West Yellowstone
YELLOWSTONE NAT PARK
GRAND TETON N P
Jackson
Afton
Pinedale
Evanston
Green River
Rock Springs
Rawlins
Cody
Lovell
Worland
Thermopolis
Riverton
Lander
DINOSAUR N M
Craig

Fort Bridger Treaty Ceded Lands

adapted from

Shoshone Tribe v. U.S., 11 Ind. Cl. Comm. 387 (1962)

RAMAH NAVAJO SCHOOL BOARD, INC.

TELEPHONE:
(505) 775-3242

P.O. DRAWER A
PINE HILL, NEW MEXICO 87321

1986 FEB 14 [illegible] 11: 18

January 29, 1986

The Honorable Mark Andrews
SH-709 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Andrews:

Enclosed is your copy of our testimony for the hearing held by the House Select Committee on Children, Youth and Families.

We understand that the intent of the Select Committee is to "educate" or better inform Congress on Native American families and related issues. Such efforts are commendable and appreciated in hopes that Native Americans will be accepted with respect and dignity.

Any questions or comments on our testimony are welcomed.

As before, your work on behalf of New Mexico Indians is highly appreciated. Thank you.

Sincerely,

RAMAH NAVAJO SCHOOL BOARD, INC.

Bennie Cohoe

Bennie Cohoe
Executive Director

BC:mw

ENCLOSURE

TESTIMONY

presented to

THE HOUSE SELECT COMMITTEE ON CHILDREN, YOUTH, & FAMILIES

by

Bennie Cohoe
Executive Director

Ramah Navajo School Board, Inc.
CPO Drawer A
Pine Hill, NM 87321
505/775-3242

January 10, 1986

Albuquerque, New Mexico

Mr. Chairman, Members of the Committee, and Committee Staff:

My name is Bennie Cohoe, Executive Director of the Ramah Navajo School Board, Inc. I am descended from the Two-Came-to-the-Water Clan on my mother's side and from the Green Meadow Clan on my father's side. I mention my clans with pride, because they represent the important place of the Family in the life of our People.

It is my pleasure to address your Committee today and to share with you our accomplishments on behalf of Children, Youth, and Families, as well as our concerns and recommendations.

The Ramah Navajo School Board, Inc., is an independent, community-governed human services organization serving the People of the Ramah Navajo Community. It was established nearly sixteen years ago, at a time when we saw that educational and other services for our People were not adequate -- and our community decided to take matters into its own hands by establishing a local, community-controlled school. We were the first American Indian community to establish its own school facility and program from scratch. And when the Indian Self-Determination and Education Assistance Act of 1975 was passed as Public Law 93-638, we were among the first Indian organizations to contract with federal agencies for the execution of programs in service to our People.

We were also the first American Indian community to construct and contract for the operation of a community health clinic. We were the first to establish an Indian community-based, FCC-licensed radio station. There are other areas, too, in which we have broken new ground in the work of Indian Self-Determination. Various federal grants have enabled us to experiment with new ideas and alternatives - sometimes to fail in the trying - as well as to model and demonstrate effective educational and community development approaches.

So we do have some accomplishments we can point to and build on. Our school facility, although it has not been completed, is a beautiful one, and we continue to build an educational program that is responsive to the needs and strengths of our children. There are about 500 children in our various educational programs, and several hundred adults in our adult education and vocational offerings. We provide a wide range of educational and community services as part of our comprehensive approach to community development, including a highly successful Housing Improvement Program, a locally-contracted Social Services Program, an innovative Rural Technology vocational program, a locally-contracted health services program, a community- based Youth Group Home facility, an Adult Basic Education Program, a JTPA Manpower Program, and our own Facility Management Program. We also have a lot of experience in developing, certifying, and managing administrative systems that somehow keep us accountable and responsive to the dozens of federal and tribal agencies and their regulations that we have to work with.

In the process of working on all of these things, we have found a few things that really do work. For example, our community-based Youth Group Home really does involve local families and encouraged family reintegration. Our Rural Technology Program was based on the strengths and needs of the community, as well as the economic realities of Western New Mexico, and is being looked upon by Tribes around the country as an example of "appropriate development." Our school program is responsive to cultural and linguistic differences, and results are starting to really show up. Our Housing Improvement Program has brought new or improved housing to dozens of community families, thereby reducing various kinds of stress caused by inadequate shelter.

I say these things to you not to boast, but to give you a sense of the edge-cutting work we've been involved in, so that you'll know that our concerns and recommendations are based on that kind of experience.

We will be presenting your committee with detailed written material describing our programs and presenting the various issues we face, backed up by statistics and supportive information. For now, I want to highlight the big issues affecting our development.

There are three issues that I want you to remember from our testimony: **ECONOMY**; **ALCOHOL**; and **LOCAL INITIATIVE**.

The time has come for major breakthroughs in economic development for Indian communities. This is the "bottom line" of what we're facing.

Lack of a true, viable economy is the most powerful cause of underdevelopment and family breakdown. It is this issue which most seriously impacts our children, youth, and families. If Congress wants to be relieved of the burden of financing social programs in Indian communities, then it needs to support true economic development. By true economic development, I mean working toward the sort of economy that has roots in the community, that can be sustained and governed by the community, that utilizes the unique strengths and potentials of the people of the community, that involves the people in their own development, that results in eliminating the need for welfare, that rebuilds the family and gives hope to our children and youth, that creates and circulates wealth within the community.

For the past decade-and-a-half, we have been developing the only real resource we have: our People. We think we've done pretty well in that span of time, although there is much more we need to do. But we're finding that "there's no place to go." It is very hard to motivate our young people to excel in school, when they see nothing around them to invest their skills in. Simply put: there are no jobs. There is no genuine local economy. Despite millions of dollars in federal programs on Indian Reservations, our unemployment rate has stayed pretty much the same: in the 60% to 70% range. There is nowhere else in this country but on Indian Reservations that you see these kinds of statistics year after year.

We know that some people are tempted to put the blame squarely on the shoulders of the Indian community itself. But that is so unfair that it almost doesn't deserve attention. However, these are hard times, and the demands on the federal budget are throwing a scare into Indian Country. It is important that Congress understand that there is a genuine desire in many of our communities to be independent of the federal dollar, and that we are ready to take charge of our own development. But some major obstacles need to be overcome before the opportunity is really there; the most important factors are: access to capital; sustained support for medium- and long-range efforts, meaning five- to ten-year programs of development; and red tape.

Our second issue concerns one of the most disastrous results of our economic underdevelopment: alcohol abuse. The great majority of crimes, child- and spouse-abuse cases, accidental death cases, and mental health-related problems in our community come from this one activity.

Our Health Center notes that the health profile of our people is beginning to look more and more like the profile of general American society. We seem to be getting serious infectious diseases and infant mortality under control. However, we are starting to see more and more health problems related to mental and family stress. As economic stress hits the nation in general, communities like ours feel the affects many times over -- and the hopelessness the people feel leads to these mental health problems.

Our third issue concerns problems we are having with the implementation of Self-Determination. For sure, some good things have happened as a result of the partnership of the Federal Government and Indian Communities. The Ramah Navajo School Board could not have accomplished what it has without the support of federal agencies that have been trying to help us resolve our problems and work toward our dreams. However, there are some problems in carrying out both the spirit and letter of Self-Determination. In general and clear terms, we are heavily burdened and distracted by "the bureaucracy". Our administrators constantly complain that they have little time and energy left for the "really important things" after they've wrestled with changing regulations, bureaucratic requirements, and inter-agency conflicts. One way to explain is to say that we identified that we wanted to get from Point A to Point B, but we lacked the means to get there. So the government listened to our plans and decided to provide us with a vehicle that would get us there. That was all fine and good. But then, before delivery, the type of vehicle was changed, the maps were changed to make us go through all sorts of side roads and checkpoints on our way to Point B, and over time, the vehicle was loaded down with all kinds of things, slowing our pace and frustrating our progress. I think that you would have a hard time believing how many sets of regulations, procedures, requirements, and deadlines we have to deal with - and how complicated it is just to keep afloat. We're managing, but there's got to be a better way.

In summary, we would like to make the following recommendations:

1. Make economic development the number one priority with regard to Indian communities.

2. Eliminate a lot of the red tape involved in getting small businesses started. Ensure that federal agencies work in partnership with the local communities, encouraging new solutions, rather than placing so many stepping stones in the way. Encourage local planning and control.

3. Limited one-year projects are totally insufficient and often self-defeating. The development process takes time. Put a priority on supporting 5- and 10-year Development Plans. Such plans should be approved and funded by a special agency of the government, with built-in technical assistance over the entire span of the project. Lead agencies should assist tribal communities in developing coordinated funding packages, utilizing funds from a variety of sources, both federal and non-federal. Small communities such as ours must be directly eligible for these long-term projects, without having to go through the larger Navajo Tribe.

4. Encourage the development of economies appropriate to the individual communities concerned. Plans should be supported that call for developments which can be sustained locally in the long-run and which involve more and more of the local people.

5. Free up capital, seed money, and financing for local enterprise development, such as a revolving loan fund. Recognize the difficulty of finding "matching funds" for development projects, and provide enough capital to get things going.

6. Encourage tribal land consolidation and other alternatives which will make it easier for Indian communities to carry forward significant development.

7. Recognize that political organizations are not always the best channels for development. The experience of the Ramah Navajo School Board has shown that an independent, professional organization can often operate more effectively and with better result than political ones.

8. Shift significant funding toward preventive health services, especially mental health and alcohol-abuse-related concerns.

9. Support programs which foster Youth Leadership and which provide for experiences which are challenging and which build confidence and self-reliance.

10. Get back to the spirit of Self-Determination under PL 93-638. Eliminate unnecessary bureaucratic levels and regulations. Localize

control over the processes of management. Free up local administrations to really push forward on new initiatives and accomplishments.

In closing, I would like to thank the Committee for this opportunity to share with you our experiences and recommendations. Please keep our testimony open for the inclusion of forthcoming written documents which will provide more specific statistical and supportive information.

Thank you.

ADDENDUM STATEMENT BY BENNIE COHOE, EXECUTIVE DIRECTOR
TESTIMONY TO HOUSE SELECT COMMITTEE ON CHILDREN, YOUTH & FAMILIES
JANUARY 24, 1986

In my prepared statement to your Committee of January 10, 1986, I outlined some of the accomplishments of the Ramah Navajo Community, then emphasized three key issues confronting our development, and finally offered some recommendations for change.

The present package is to be included as an addendum to that prepared statement. Included are documents which address the needs of our children, youth, and families from the various perspectives of different programs of the Ramah Navajo School Board.

My own additional comments are included here, for the purpose of going beyond my original prepared statement to impress upon the committee some of the deeper causes underlying the symptoms which we all spend our time wrestling over.

My original recommendations to you were based on a continuity in the relationship between the U.S. Government and Indian tribes. Since it is one of the purposes of your Committee to generate interest and concern about the status of Indian children, youth, and families, I thought it appropriate to share these additional thoughts with you, which look toward more fundamental changes and a discontinuity in intergovernmental relationships.

TOWARD A NEW ENVIRONMENT FOR DEVELOPMENT

You have by now received reams of data and statistics on the social and economic status of Indian families and communities: Unemployment 5 to 10 times the national average; Social statistics illustrating massive cultural and socioeconomic breakdown; Uninspiring educational achievement by our young. . .

Obviously, something has gone wrong. To ascribe these problems to the inherent weakness or perversity of the Ramah Navajo People or of the Indian Race would be justifiably condemned in the eyes of modern world opinion and humane ethics. On the contrary, many of the above statistics and references represent symptoms of a deeper cause: the "disease" of chronic dependency. A major source of this disease is the past and continuing violation by non-native society of the human rights of entire communities and nations of Indian people. Another principal source of the disease is the debilitating and fundamentally unhealthy relationship between the U.S. Government and these Indian communities and nations.

I will explain what I mean by these bold comments; and then will follow with a set of recommendations regarding fundamental changes required to overcome the disease. I will use my own community as a reference point for many of these comments, but similar conclusions can be drawn from experiences across Indian Country.

The rights of the Ramah Navajos to a homeland were violated first by the forced intrusion of non-native peoples into our region; our subsequent banishment from our lands to Ft. Sumner in the 1860's; and then, following our return to portions of our previous lands (no longer truly our own) in 1868, the underhanded expropriation of our lands by non-Indian settlers, urged on by legislative incentives in Washington.

As a conquered nation, we embarked upon more than a century of forced dependency, in which our worthiness as human beings was measured only by how closely we approximated the dominant society's values and lifestyle. Our rights of land ownership and of self-governance were stripped from us, and federal "services" and subsidies served to maintain our condition of subjugation, rather than to re-build our independence. Thus began the unhealthy relationship between he U.S. Government and our People.

The unhealthy relationship continues to this day. The statistics and problems cited above attest to the unhealthy nature of the entire framework under which we have been operating. For purposes of explanation, I can divide our history into four periods, each characterized by a certain sociological "environment":

A. Pre-colonial - the period of time prior to significant contact with and control by non-Indian societies, characterized by cultural coherence and integrity.

B. Early colonial - the period of time in which the Navajos came under the control of non-Indian society, characterized by external encroachment, inter-cultural conflict, tribal defeat, banishment, land expropriation, and confinement on federal reservations.

C. Present colonial - the period of time spanning about the last 100 years, characterized by "benevolent paternalism" on the part of the Government and by a protracted condition of chronic dependency in Indian communities, reflected in a wide range of indicators of socioeconomic breakdown.

D. Post-colonial - the period of time yet to come, characterized by individual, family, and community independence, self-reliance, self-governance, dignity, human welfare, strength, access to resources and opportunities for development, freedom to develop and to control one's own destiny, and full participation in and contribution to world society.

This fourth "environment" described above, that is, the "post-colonial" independent period, represents in general terms our goal . . . our vision. It makes sense to have a vision of how things ought to be, in order to give direction and definition to what we are doing today.

And in order to get "there" from "here", we have to change the game; i.e., we have to begin to change the framework within which we operate. A coherent Transition Plan is needed, operating according to a new set of rules and assumptions, because the old assumptions and relationships simply do not work in the final analysis . . . and cannot work, since they do not foster individual, family, or community self-reliance, genuine participation in development, or social cohesion. Policies of development and inter-governmental relationships must assume a new sociological environment, must work toward establishing a new environment for self-directed development, rather than attempting to seek meaningful change and development within the present system of relationships.

Many of us in progressive Indian communities felt very encouraged by the passage and early years of implementation of Public Law 93-638, the Indian Self-Determination and Educational Assistance Act of 1975, because the rhetoric and promises seemed to be leading in the right direction. However, in the past five years or so, we have become extremely disappointed by the lack of genuineness and effectiveness of "638", and have become deluged and boxed in by torrents of governmental constraints, intrusions, regulations, and procedures.

So "638" showed some promise, but it has been forced to operate within the wrong framework, the wrong environment, i.e., the stage of colonial control indicated as item "C" above. It embodies the frustrating hypocrisy of holding out the hope and intent of self-determination, while regulating agencies undermine that very objective every step of the way.

Instead of attaining true self-determination, we continued to confront a general governmental and societal orientation toward paternalistic control. This mistrustful, dependency-fostering attitude has become more "benevolent" and subtle in the past twenty years than, of course, the genocidal strategies of the mid-nineteenth century. But the results are still depressing, and local initiative, cohesion, and development are sadly lacking. Further, bureaucracies such as the Bureau of Indian Affairs can be seen to be self-perpetuating, with its very existence based on the continuation of the dependency relationship.

Many Indian communities essentially lack solvency and integrity for the very reason that they lack control over resources and control over their own destinies. It is difficult to achieve solvency and integrity in the absence of ownership, tax base, and autonomy.

Money and other resources are important elements in development, but are secondary to the main issue, which calls for the full restoration of human rights, Indian community self-governance, and freedom to develop.

Solutions, therefore, must reconcile two apparently conflicting requirements: the need for Indian communities to be free to direct and control their destinies; and the need for external resources and technical assistance essential for development in the modern world. Below, we propose a few possible directions.

1. Encourage each Indian community to develop comprehensive 10-Year Development Plans leading to the Year 2000. Full technical assistance should be available from the Federal Government, especially in FY 1987, 1988, and 1989, and the Government will subsidize the approved Plan each year during the period FY 1990 to FY 1999. Some communities just getting started will start small, increasing their funding levels for a few years, and then gradually reducing funding in the latter years of the period. Other communities with a history of funded development would begin with an amount equivalent to their total assistance in FY 86 plus possible increments for special unmet needs, with gradual reductions down to a relatively nominal level in the Year 2000. The local community will have full discretion over

and responsibility for the prioritizing and allocation of these funds, no strings attached, constrained only by the general law of the land governing financial ethics.

2. Consider the termination of the Bureau of Indian Affairs, passing on to Indian tribes and communities the authority and responsibility for their own development, and using the savings so derived to fund the Development Plans described above.
3. Permit and encourage the total political reorganization of Indian communities - on our own terms, rather than according to the requirements and concepts of the federal bureaucracy.
4. Turn over all Indian reservation-related lands to each tribal community and its citizens, and aggressively consolidate community lands to the highest extent possible. Since the first generation of this new style of development will be very difficult and delicate, certain protections should be assured, so that these newly independent communities will not be taken advantage of by a more aggressive and experienced dominant society.
5. The U.S. Government and each tribal/community authority should be seen as co-equal partners in development. The U.S. Government benefits by being able to demonstrate to the world its sincerity and effectiveness in the restoration of the human rights of its

own citizens, plus it will have less of a burden and responsibility for Indian development in the long-run. Indian communities will benefit by having control of their own destinies.

In closing, I would like to express my appreciation to the House Select Committee on Children, Youth, and Families for opening themselves to information and comments from the grassroots, and for seeking to educate the nation regarding the unique needs, challenges, and visions of our People.

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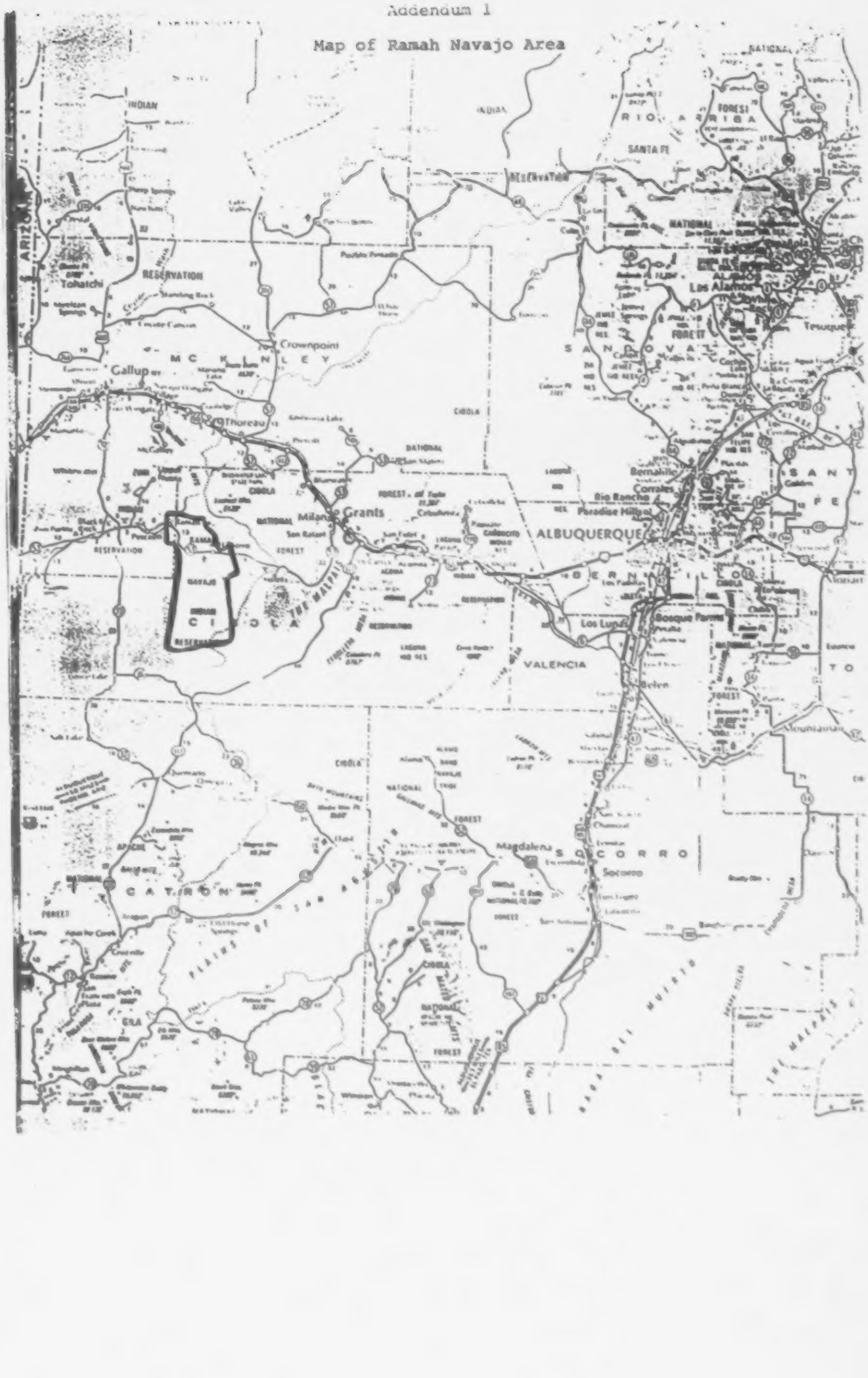
Addendum 1

Map of Ramah Navajo Area


ARIZONA
INDIAN
RESERVATION
Tohatchi
RESERVATION
Crownpoint
MC KINLEY
Gallup
Thoreau
CIBOLA
NATIONAL
FOREST
Milan
Grants
RAMAH
NAVAJO
INDIAN
RESERVATION
CIBOLA
THE MALPAIS
RIO ARRIBA
SANTA FE
NATIONAL
Los Alamos
SANDOVAL
FOREST
Tesuque
Bernalillo
Rio Rancho
Corrales
Paradise Hills
ALBUQUERQUE
BERNALILLO
Los Lunas
Bosque Farms
VALENCIA
Belen
SANTA FE
CATRON
APACHE
Magdalena
SOCORRO
Socorro
PLAINS OF SAN AGUSTIN
GILA
JORNADA DEL MUERTO
THE MALPAIS

Addendum 2

THE RAMAH NAVAJO COMMUNITY

HISTORICAL BACKGROUND STATEMENT

INTRODUCTION

This historical background statement has been prepared to provide information and perspective for the development of plans and programs aimed at reducing the incidence of crime and delinquency in the Ramah Navajo Community. Any attempt to assess the needs, the problems, the goals, the potentials, and the unique character of the Ramah Navajo Community must take into account the historical context - both in terms of past events and of present circumstances.

The present geographic location of the Ramah Navajo Community is the result, not of choice on the part of the Navajos, but of disruption, encroachment, and exploitation on the part of the U.S. Government, the railroad, and the Anglo settlers. The weapons of bureaucracy, Acts of Congress, and westward expansion ruthlessly evicted the Ramah Navajo from the choicest land in the Ramah area and eventually forced them to settle mostly within the boundaries of the Ramah Navajo Reservation, located to the southeast of the present town of Ramah, on relatively rugged, dry and unproductive land, with relatively no property rights. In short, the history of the Ramah Navajos can be portrayed as a series of blows and tragedies from which they are just now beginning to recover.

SETTLEMENT AND RESETTLEMENT

According to both oral and written histories of the area, Navajos were living in the Ramah area prior to the tragic "Long Walk" period of the late 1860's. Navajo families are known to have lived as far north as the McGaffey mountains and as far south as Apache Creek, Quemado, and other areas south of the present-day Ramah Navajo Reservation. In 1868, troops of the U.S. Government attacked the local settlements, killing many of the people, and capturing many more to send to the prison stockade of Ft. Sumner, in eastern New Mexico. During the Ft. Sumner imprisonment, a treaty was signed between the Navajos and the U.S. Government, which provided that the Navajos could not return to their former free and widespread grazing lands. Instead, they were to be confined to the new Navajo Reservation, and their movement - and, therefore, way of life - was restricted. A few of the families originally from the Ramah area remembered the abundance of water, arable land, and wild fruits growing in the area near the McGaffey mountains, north of present-day Ramah, and they were able to re-settle there. Other families eventually drifted into the same area from such places as Tohatchi and the Chuska mountains further to the north. Finally, most of these families settled in the area just north of present-day Ramah town, where there were both a spring and a river. These families built an earth dam there, which began to form a lake.

LAND ACQUISITION AND FORCED RESETTLEMENT

During this time, the only other settlers in the Ramah area were of Spanish and Mexican descent, who lived a somewhat similar life-style to the Navajos. There were some conflicts between these groups and some raiding of livestock, and so forth, but things were relatively stable. In the mid-1870's, Anglo settlers, mostly Mormons, began to move into the area. At first, so the local oral histories indicate, these newcomers were friendly and neighborly, but soon they were working to acquire the land that the Navajos had already settled on. The Navajos didn't resist, for fear of reprisals reminiscent of the Long Walk period. Acts of Congress added strength to this encroachment. The Enabling Act of 1866 allowed the railroad to acquire land forty (later fifty) miles either side of its tracks, which included the best land in the northern part of the Ramah area. The Homestead Act of the 1880's encouraged settlement throughout the "American West" and provided land to Anglos which by right was Navajo land. The Navajos living in the Ramah area were never aware of these laws during the first years of their enforcement. When they did become aware of what was happening to their land, they still did not have the educational background nor familiarity with Anglo law to compete for the land which was being deeded to a flurry of Anglo applicants. The result of all this was that the Ramah Navajos were progressively pushed southeastward toward relatively infertile and inhospitable land, where they now, for the most part, reside.

These discouraging years have been summed up in a recent historical study of the Ramah Navajo Community:

> The first phase of Navajo history in the Ramah area was characterized by settlement, initial contacts with Mormon Anglos, land disputes, resettlement, and a general attitude of frustration and defeat. While the Navajos faced many problems in their attempt to wrest a living from the stingy environment (e.g., water shortage, crop failure, insects, and disease), these were secondary to the continuing losses sustained as a result of their many encounters with the exploiting Mormons.*

CONTINUING LAND PROBLEMS

The forced resettlement of the Navajos onto restricted lands brought great pressure to bear upon them as did the continuing confusion brought about by their interactions with the Anglo settlers and with the U.S. Government. The Allotment Act of 1887 allowed individual Indians to receive a "trust patent" for a maximum of 160 acres of grazing land. These were to expire after twenty-five years, at which time the allottee could receive full title to the land, unless the U.S. President chose to extend the trust period; these patents have been extended every year since then by Executive Order. Only one Navajo ever applied for allotted land during the first thirty years the law was in effect, but from 1920 to 1940 most Navajo families got 160-acre allotments. The problem was that these allotments were interspersed between privately-owned land, state lands, and public domain, which increased the Navajos' confusion. These allotments, plus the purchase by the Navajo Tribe in 1929 of 18 sections of land south of Ramah, were about as much land as the Ramah Navajos got.

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* Blanchard, Kendall. The Ramah Navajos: A Growing Sense of Community in in Historical Perspective. Navajo Historical Publications, The Research Section, Navajo Parks and Recreation, The Navajo Tribe. 1971. p. 25.

The forced displacement of the Ramah Navajos was a staggering social and economic setback for the people. The new land was not fertile enough to sustain the same level of farming as the Navajos had previously enjoyed; there were less plentiful grazing lands for the livestock; and families were again separated and dispersed. Later on, the Taylor Grazing Act of 1934 was to set a limit on the number of livestock per area and capacity of land, which resulted in livestock reduction for most families. The quotas established in the 1930's are, for the most part, still applicable today, which means that there is no apparent way for most families to increase their wealth through livestock herding and management, which is integral to the life and identity of the people. To complete this cycle of regression, nothing was offered to replace this livelihood, so the net result was that the fortunes of the local community were again reversed.

Between 1930 and 1940, the U.S. Government leased land in the Ramah area on behalf of the Ramah Navajos. However, local ranchers and settlers petitioned to have this lease annulled and to have the land opened up for sale. The Government concurred with this petition, and there were soon many land sales in the Ramah area. This time it did not take long for the Ramah Navajos to become aware of what was going on. They appealed to the Albuquerque Area Office of the BIA to find a way to secure land for the Ramah Navajos. Since there were sufficient funds in the Treasury under the name of two Pueblo tribes, these funds were used to purchase land in the Ramah area. For about eight years, the Navajo Tribe leased this land on behalf of the Ramah Navajos and then purchased it. According to the Tribal Councilman for the Ramah Navajo Community, who was intimately involved more than thirty years ago in these transactions, the land was to be solely for the use of the Ramah Navajos. However, in the early 1960's, the Navajo Tribal administration of Raymond Naakai determined that all land purchased by the Navajo Tribe in the past would be governed only by the Tribe - a ruling which included the land purchased in Ramah. Even up to the present time, this has presented difficulties for the Ramah Navajo Community in terms of developing and using Tribal land.

Restrictions, legalities, and past injustices continue to make the land problem a hindrance to the growth of the local community. Due to the land sales of the past century, the Ramah area is "checkerboarded" by private, state, public, Chapter, and Tribal land-holdings. Negotiations with the various parties concerned over access and road easement are long and sometimes totally futile with regard to bringing in utility lines and constructing new roads. Further, there are 21 sections of land in the southern part of the Reservation which are held by the BIA on behalf of the Ramah Navajo Community, but only for grazing purposes; therefore, no development or improvement can take place on that land. Finally, there is a large portion of land held and governed by the Navajo Tribe, which is used by the Ramah Navajos, but any development of which must have the approval of the Tribal bureaucracy.

An additional land problem for the local people is that there is no more land which can be allotted to individuals or families. With the increase in the local population, that means that each new heir or relative gets an increasingly small parcel of land. This has already begun to create stress within extended family groups, and the future situation does not look bright. Again, there is a feeling of being trapped: no more land, fewer livestock, drought conditions, and more people to feed and provide for.

INCONSISTENT SERVICES

Prior to 1927, there was practically no attention given to the well-being of the displaced Ramah Navajos by governmental agencies, including the Bureau of Indian Affairs (BIA). According to anthropologist Clyde Kluckhohn: "The picture seems to have been that of leaving the Ramah Navajo severely alone except for rare incidents when Anglos or Spanish-Americans demanded intervention on land matters or disturbances of law and order.*

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* Kluckhohn, Clyde. Quoted in Blanchard. p. 28.

In 1927, the Ramah Navajos came under the jurisdiction of the newly-formed Eastern Navajo Agency at Crownpoint, and some attempts were made to serve the Ramah Navajos. Dams, wells, and roads were constructed, and the Taylor Grazing Act of 1934 was implemented. The Ramah Navajos were not always receptive to these things and remained skeptical of the benefit of some of these projects. In particular, the livestock reduction resulting from the Grazing Act was a threat to many customs and values which the people held dear. Further, it felt as though they were trapped, not being able to expand their herds, on the one hand, nor increase their land-holdings, on the other.

Due to the isolation of the Ramah Navajo Community, services by both the Bureau of Indian Affairs and the Navajo Tribe have historically been inconsistent, sporadic, and of poor quality. Local community leaders complain that the Ramah Navajos were dealt many staggering setbacks and were offered almost nothing in return. Further, whenever there was some sort of service provided, the aim was not to enable the local community to become self-supporting and strong as a community. There were many years of unfulfilled promises and actions that were either too little or too late. There was never any long-range planning, and there was very little continuity in terms of the services being provided to the community. The Ramah Navajo Community was shuffled from Agency to Agency, and the progress of the community continued to be stifled. Finally, an Agency was established on the Ramah Navajo Reservation in 1972.

SELF-DETERMINATION

Meanwhile, totally dissatisfied with the services promised by outside Agencies and programs, the Ramah Navajos began working toward self-sufficiency. Public Law 93-638, the Indian Self-Determination Act, provided just the opportunity the community was waiting for. At a meeting of the local Chapter, a School Board was elected. The School Board was soon incorporated, and a plan of action was initiated to secure funds for the establishment of a local school system which would be responsive to the needs of the Ramah people. The result has been the establishment of a multi-million dollar educational operation with a community development component, now in its seventh year. This will undoubtedly have a far-reaching impact on the Ramah Navajo Community.

The Ramah Navajo Chapter is now emerging as a strong and viable political, economic, and unifying force. There is increased educational and economic opportunity for the community's young people, and vigorous local efforts at self-determination and locally-initiated economic development are being sustained and augmented.

However, the present situation and projected conditions for the near future continue to reflect the isolation, neglect, exploitation, and forced displacement of the past. In many ways the local community is still insufficiently equipped to effectively deal with the myriad changes and influences confronting it. Communications systems are indadequate to serve such a widely-dispersed population, and the community does not not yet have a strong economic base. There are still few recreational and vocational opportunities for the local people - young or old, and alcohol abuse continues to undermine the growth and well-being of the community.

Due to the severe influences of the past and the rigorous and challenging conditions of the present, special attention will continue to be required in order to reverse present problems and to ensure the progress into the future of programs which are just now beginning to make up for a century of tragedy and neglect and to have an impact on the quality of life of the people of the Ramah Navajo Community.

—jgk, 1/25/78

Addendum 3

Socioeconomic Statistics

TABLE I
SOCIOECONOMIC STATISTICS. RAMAH NAVAJO COMMUNITY

1. Labor Force Data.

a. Indian Population, Ramah Navajo Reservation	2,280
b. Population 16 years of age or older	1,649
c. Potential, Able-Bodied Work Force	1,442
d. Employed	487
e. Unemployed	955
*Those seeking work 782 (81.9%)	
f. Unemployment Rate	66%

SOURCE: Labor Force Report, Ramah Navajo Agency, Bureau of Indian Affairs, 1985.

2. Combined Annual Family Income 1980

Income	# of Households	% of Total
Less than $5,000	185	54%
5,001 - 10,000	64	18
10,001 - 15,000	43	13
15,001 - 20,000	27	8
20,001 - 30,000	13	4
$30,001 - over	10	3
	342 (79% of households in Ramah)	100%

SOURCE: 1981 Ramah Navajo Community's Economic Development Needs Assessment Survey.

3. Sociological Data

a. Number of Households 732
b. Number of Families on the General
% of Families 34.7%
# of Individuals . . . 384

SOURCE: Ramah Navajo School Board Department of Social Services.

TABLE I
SOCIOECONOMIC STATISTICS, RAMAH NAVAJO COMMUNITY, 9/85
Page 2 of 2

4. Education Data

	#	%		
a. Number of community members with Master's Degree plus	5	0.3%		
b. Master's degree only	5	0.3%		
c. Bachelor's / 4-yr college degree	18	1%		
d. Associate / 2-yr college degree or Vocational Certification	29	1.7%		
e. Present enrollment in 4-yr college program	26	1.5%		
f. Present enrollment in 2-yr college program	41	2.3%		
g. High School Diploma, not enrolled in postsecondary	176	10.1%		
SUB-TOTAL - High School Education plus			300	17.2%
h. Present enrollment in High School	179	10.2%		
i. 7th to 11th grade education and/or reading level	183	10.5%		
SUB-TOTAL - Education 7th grade and above			662	37.9%
j. 4th to 6th grade education and/or reading level	537	30.7%		
k. 0 to 3rd grade education and/or reading level	550	31.4%		
SUB-TOTAL - less than 7th grade education			1087	62.1%
TOTAL - including Indians not locally enrolled at Ramah Navajo Agency.	1,749	100%		

SOURCE: Ramah Navajo School Board Offices of Higher Education and Adult Education.

RAMAH NAVAJO COMMUNITY

Social Services Statistics

FY 1985

Type of Assistance	Cases	
General Assistance	136	(343 Persons)
Tribal Work Experience Program	10	(29 Persons)
Burial, Burn Out, Miscellaneous	1	1 Person
Child Welfare Assistance	11	11 Persons
Services Only	78	78 Persons

Other Public Assistance	
Aid to Families with Dependent Children	50
Social Security	171
Veterans	8
Supplemental Security Income	97

Problem Category	
Attempted Suicide	9
Abuse/Neglect/Abandonment of Children	53
Single Parent	4
Substance Abuse	38
Truancies	15
Mental Health Counseling	10
Family Violence	21
Abandonment of Spouse/Separation	21
Juvenile Delinquency	5
Medical Problems	9
Teenage Pregnancies	4
Run Aways	8
Unemployment	
Families with problems related to unemployment	134
Individuals impacted by unemployment, as related to social problems	590
Educational Level/Skill Level Deficiency	113
Divorce	6
School Behavior Problems	21

Addendum 4

Identification of Need
Youth and Family Development

IDENTIFICATION OF NEED

1. Demographics

The Ramah Navajo Community is a remote, rural Reservation community in west-central New Mexico. The community is geographically separate from the contiguous main Navajo Reservation (some 40 miles from the nearest edge), but still constitutes a Chapter of the Navajo Tribe. It is more than 60 miles southwest of Grants and about the same distance woutheast of Gallup, the two colsest cities. Ramah Navajo families reside in widely-scattered dwelling clusters, and the Reservation has no villages, retail services, or businesses of its own. The dominant forms of economic activity in the community, outside of federally-funded jobs for a minority of the work force, are animal husbandry and limited-scale dry-farming.

The community's isolation has made it relatively autonomous and independent of the Navajo Tribal government in many respects. The people strongly identify themselves as Ramah Navajos.

The Ramah Indian Reservation is "checkerboarded" into seven different categories of land ownership as a result of historical processes through which the Navajos were progressively forced into a position of subjugation and disadvantage. Much of the Reservation is unsuitable for productive agriculture, and even current development efforts are often hindered by the complexity of land status.

Population figures for the Ramah Navajo Community have ranged between about 1,800 and 2,500, depending on which source one accepts as authoritative. Current projections for 1986 by the Department of Social Services are around 2,600, based on existing census and other data on file, and taking into account the near-reservation Navajos who are eligible for social services (see Appendix). Although recent statistics from the Ramah Navajo Comprehensive Economic Development Plan (1983) show the size of each nuclear family unit to be about 4.4, the actual size of the family cluster, when considering extended family, is probably closer to 8 or 9, according to Social Services Department estimates (see Appendix).

The Ramah Navajo population is extremely young in comparison with the national average, with nearly half (46%) of the population under the age of 24 (see Appendix). According to the Comprehensive Economic Development Plan:

> "There are several implications of a youthful population for the development of an economy.
> 1. The dependency ratio is unusually high. That is, the productive 'working age' population must bear a greater burden of the dependent children and elderly persons.
> 2. The relatively high proportion of young people

places strains on alredy scarce resources. It is usually difficult for a community to develop the necessary infrastructure at a rate consistent with the demands of the young population.

3. The scarcity of resources and the limitations of economic opportunities often causes outmigration of college-age persons and young families."

The populace is undereducated, as for many years there were no adequate educational institutions available to Ramah Navajos. the Pine Hill School was opened in 1975, and it is only since then that an adequate elementary and secondary education has been available to the children (see Appendix).

There is little paid employment available to Ramah Community residents. The unemployment rate extrapolated from the BIA Labor Force Report for 1983 was 69.3%. At any given time in the course of the year, the actual rate may vary from about 60% to 80%.

The local economy is heavily dependent on infusions of federal funds; there is little self-sufficient economic activity on the Reservation and, consequently, few employment opportunities (see Appendix).

While most families have some non-monetary or non-market income in the form of sheep or cattle or homecrafts, it remains obvious that by national standard, the average family is impoverished. Housing is gradually being improved, but most homes are still substandard and overcrowede; most homes still do not have running water, plumbing, electricity, or telephone. Firewood is the primary fuel source. The many miles of roads the people must travel to get supplies or attend school "...are unimproved and not maintained on a regular basis. During the winter months and wet season, all of the (many) dirt roads often become impassable because of mud or snow." (Comprehensive Economic Development Plan -- see Appendix A)

It is not definetely known what the per capita imcome is in Ramah Chapter, except that it is extremely low. The Navajo Tribe says the average per capita income for all Navajos is $2,000, compared with $6,120 for New Mexico as a whole in 1980. More than half of Ramah Navajo households had an annual income of less than $5,000. Two-thirds of households receive some type of public assistance in the form of Food Stamps, Aid to Families with Dependent Children, Social Security, Supplemental Security Income, Veteran's Benefits, General Assistance, Tribal Benefits, etc. (see Appendix).

While these geographic, demographic, and economic conditions do not in themselves create the social problems which this proposal hopes to address, they indicate the degree to which family and community life has been disrupted and the degree to which they are in need of development and integration. It is from a disintegrated, demoralized community that the problems seen among youth arise.

2. The Problem and its Symptoms

An increasing number of Ramah Navajo youth are having difficulty negotiating the range of challenges presented to them in the contexts of family, school, and community. At home they are having difficulty communicating with their parents and other family members, and are feeling increasingly alienated from the values, patterns, structures, and requirements of the family. In school, many of the youth are not motivated in their schoolwork and are not achieving acceptable levels of academic preparation. They are likewise increasingly alienated from the values, patterns, structures and requirements of the school. Finally, the youth do not play a meaningful role in the community as a whole, and they are not developing a healthy sense of responsibility -- to self, to others, or to the community.

The common thread running though the various problems and crises involving our youth is CHRONIC DEPENDENCY: the inability to be responsible for one's own behavior, well-being, and support, characterized by inadequate skill development, lack of attitudes which lead to capabilities, and lack of understanding of one's place in the world in relation to other people and situations. (NOTE: This and other concepts throughout the proposal have been adapted from Glenn and Warner, Developing Capable Young People, 1982) As a consequence of the broader disintegration of culture (discussed in more depth below), the following aspects of disintegration further illustrate the range of problems related to this dependency.

Community Disintegration. One element of the overall cultural disintegration taking place is at the community level. This is characterized by: the erosion of inter-family cooperation; the loss of genuine community self-governance (since the community is dependent on federal support and has little actual control over its own resources); the lack of effective forums and processes for community problem-solving and genuine citizen participation; divisive political processes; inter-familial jealousies and conflicts; and the lack of a solid, productive, wealth-generating local economy.

Family Disintegration. At the level of the family the effects of cultural disintegration have been felt very dramatically. This disintegration is characterized by: the gradual erosion of the integrity, security, and role of the extended family; the ever-increasing communication gap between generations, especialy between parents and their children; the ever-quickening change from a rural, self-subsistent life-style to socioeconomically-dependent and/or urban/money-based lifestyles; the corresponding decrease in the genuine sharing by the young in family responsibilities and chores; the increasing incidence of family break-up and single-parent families; the increasing incidence of young pregnancies in the absence of the preparation by young couples for mature relationships and self-reliant family life; the increasing incidence of alcohol abuse by parents and the consequent neglect of children; the increasing incidence of the abuse of intoxicating substances by youth; and the lack of parenting know-how and the loss of parents' control over their children's behavior and development. The relationships between parents and youth are weakening rapidly: the parents often complain that their children do not listen to them and do no obey; they bemoan the children's irresponsibility and preoccupation with unproductive pasttimes; and they feel at a disadvantage with regard to the children's school experience, as many of the parents do not read, write, or speak English, and/or do not know how to support their children's education. Authoritarian and traditional methods of discipline no longer seem to work. The youth often complain that their parents do not understand them and are out-of-step with the times. The destructive behavior displayed with increasing frequency by many of the youth is an expression of the discontinuity and alienation they feel.

Individual Disintegration. The consequences of cultural disintegration ultimately impact the individual, in whom the pain, dysfunction, and tragedy are most directly registered. The disintegration of the person is characterized by: increasingly high incidences of alcoholism and of the abuse of intoxicating substances; unfulfilling social and martial relationships; increasing incidence of suicide; irresponsible and anti-social behavior by the young, both in and out of school; lack of a coherent personal system of values and beliefs; lack of purpose and meaning in life, and the absence of personal goals and aspirations; lack of self-confidence in social and cross-cultural situations; the breakdown of self-respect and interpersonal respect; lack of skills and attitudes needed for self-supporting economic activity; personal confusion and the lack of a "sense of place" in this changing world; inadequate educational preparation for successful and/or competetive participation in the non-Reservation society and economy; a decreased sense of genuine responsibility and significance, especially by the young, in the life of the family and the community; and an increased tendency to engage immoderately in pleasure-seeking diversions and preoccupations.

3. SOME MAJOR CAUSES OF THE PROBLEM

Although there are unique historical, cultural, and socioeconomic factors impinging upon the problems of youth in the Ramah Navajo Community, there are nevertheless many factors which this community shares in common with the society at large. These common factors will be discussed first.

Massive changes have taken place in society in the past half-century, characterized by rapid technological development and urbanization. Accompanying these changes has been a dramatic change in family lifestyle:

* from rural, low-technology lifestyles to urban, high-technology ones;

- from high levels of interaction within the family to extremely low levels;
- from low rates of change, information flow, and intercultural contact to high ones;
- from homogeneous family and community values and high predictability in life to heterogeneous values and low predictability regarding life's demands;
- from a limited range of role models reflecting high consonance with family morals/values to a wide range of role models reflecting varying degrees of dissonance with family values;
- from a high degree of inter-generational association and continuity (a dominant extended family) to a low degree (with a diminshing role for the extended family). (Adapted from Glenn and Warner)

Among the consequences of these transitions are the following deficits when it comes to guidance of and support for the young:

- losses of access to viable role models;
- losses of opportunities to contribute to family;
- losses of natural ways to develop self-esteem;
- losses of opportunities to develop problem-solving skills;
- losses of experiences which develop an identity with things greater than self;
- losses of experiences which teach the natural and logical consequences of personal decisions and actions. (Adapted from Glenn and Warner)

Although the degrees, rates, and specific manifestations of such transitions and consequences are unique for the Ramah Navajo community, as compared with other communities both Indian and non-Indian, both rural and urban, nevertheless the fundamental characteristics of chronic dependency remain the same. Local/cultural factors related to this dependency are described below.

As is true of the Navajo People in general, the way of life as traditionally practiced in the Ramah Navajo Community has been subjected to direct attack, indirect undermining, and overwhelming challenges imposed by the clash of indigenous culture with the now-dominant urban/industrial culture. This clash has resulted in the destruction of the people's economy, the alteration of their community and family life, the reduction of their land base, and the erosion and near-elimination of their independence. Within this context, social programs offered by the federal government to address various year-to-year material needs of the Ramah Navajo People have often built patterns of increased dependency, loss of motivation, and passivity. Educational programs have often exacerbated the cross-cultural clash, hastened inter-generational discontinuity, and produced a confusion of values and relationships. Consequently, there has been a breakdown (at all levels: the individual; the family; the community; and the culture) in self-confidence and self-esteem, in self-determination and self-direction, in the strength and integrity of social relationships, and in economic productivity, reciprocity, and self-reliance.

The problem, then, is one of family disintegration: youth problems are symptoms of the stress associated with this disintegration. Additionally, the disintegration of the community manifests itself in a state of deficiency in cultural resources, economic foundations, and employment opportunities. One senses the feeling of powerlessness of traditional culture in the face of the challenges presented by the broader, largely-materialistic culture and by the sweep of societal and technological change. The consequence is that many Ramah Navajo youth exist in an environment of chronic dependency, despair, and lack of opportunity, are torn between conflicting values and loyalties, and are often caught in "values limbo".

The Ramah Navajo Community has experienced a transition from a rural/self-subsistent lifestyle to an urban and/or socioeconomically-dependent one with its accompanying "inflation of expectation". Yet, while new images and concepts dominate the younger generation, and while the school experience broadens horizons and the range of choices, the local socioeconomic realtiy cannot accommodate or satisfy the new expectations. This situation, unique perhaps to impoverished/minority communities, exacerbates frustrations and heightens the stress on the individual and the family.

Some of the youth have become subject to the more extreme consequences of cultural disintegration, and their behaviors have become such as to warrant special attention. The course of last resort is placement in a Youth Treatment facility, and in the past such placements have been to locations more than one hundred miles from the community. Last year, a Therapeutic Group Home was constructed in the community, on Pine Hill campus. Such a local group home was intended to provide shelter and intensive residential counseling for such youth, while at the same time addressing the needs of the family, with the aim of achieving re-integration of the youth into the family. Unfortunately, appropriate and/or adequate Federal funding sources for such a comprehensive youth services project were/are not available. Therefore, the Ramah Navajo School Board has designed a multi-services approach in order to meet the diverse kinds and levels of need of our youth through multiple funding source support.

Addendum 5

Ramah Navajo Community
Economic Development Summary

Ramah Navajo School Board, Inc.

Ramah Navajo Community Economic Development Summary

May 1985

BACKGROUND AND INTRODUCTION

While the average American family groans as unemployment rates "leap" over 7%, and the Black community complains of unemployment in its ranks approaching 20%, American Indian communities struggle under the burden of unemployment rates from 35% (in the most economically "developed" communities) to almost 80%. The Navajo Tribe's unemployment rate has remained consistently in excess of 60%, even during the mid- and late-1970's, when federal support of Indian programs was at its peak. The Ramah Navajo Community's figures follow suit with those of the Tribe; labor force reports prepared by the local Agency of the Bureau of Indian Affairs attest to unemployment rates consistently in the 60% to 70% range.

Accompanying these distressing unemployment figures are a wide range of (a) contributing factors, and (b) social consequences in the community. Historical causes were summarized in a document prepared by the Criminal Justice Research Committee appointed by the Ramah Navajo Agency in 1977 and 1978, "The Ramah Navajo Community: Historical Background Statement". The document emphasizes the socio-economic disruption caused by the intrusion of an insensitive outside culture into the Ramah area, and the "one-down" position into which the Ramah Navajos were placed before and following the U.S. government's treaty with the Navajo Tribe in 1868. It also describes the inconsistency and inadequacy of official services to the community from that time until the 1960's, culminating in the community's self-determined effort to take its development into its own hands, symbolized and implemented by the establishment of the Ramah Navajo School Board, Inc., in 1970.

This historical document accompanied a report, inclusive of community needs analyses and action plans, published in 1978, in which the dominant criminal justice concerns and systematic solutions were described. This was to be the basis of future proposals to be developed by the Agency and the Community for the purpose of securing funds with which to implement the solutions outlined. Follow-up and proposal development based on this report were not systematic (although numerous proposals have addressed related problems and needs), and the document remains descriptive of existing criminal justice concerns, by the far the most dominant of which was determined to be Alcohol Abuse.

Other contributing factors toward and social consequences of economic under-development have been discussed and documented in dozens of proposals and reports prepared by the Community, primarily through the offices of the Ramah Navajo School Board since its inception fifteen years ago. A majority of these applications have been funded by the federal government, addressing various educational, social, and economic needs. The wide range of projects was encouraged by the School Board's broad-based and holistic philosophy, which centers around the Child but which takes into account all of the various aspects of community life impinging on the Child's development, such as housing, sanitation, family well-being, indigenous language and culture, and so on. The Board's mission has been, not only to provide a good education for the Community's children, but also to improve the quality of life of each family and to ensure that there is a viable future - both within and outside the Community - in which the children can place their hopes and toward which they can strive. Inevitably, the Board would at some point need to address directly the problem of economic development.

Although a few projects had been attempted in the early and mid-1970's, including the School Farm which is still operational today, "push came to shove" in 1980 when School Board staff began preparing a funding proposal for a Vocational Education Project, the regulations of which required that the project be directly tied to the Community's "Economic Development Plan". Attempts to uncover such a Plan were futile, so a Task Force was convened to address such a Plan in its general outlines and dimensions.

PRELIMINARY ECONOMIC PLANS

In November, 1980, the School Board passed a resolution approving a "Preliminary Economic Development Plan," in which general 10-year goals and a follow-through plan of action were outlined. The goals were as follows:

A. To develop a local, community-generated economic base.
B. To reduce unemployment from 65% to 25%, implying that at least three-quarters of the local labor force will have meaningful, self-sustaining employment.
C. To expand the local job market by developing new employment opportunities.
D. To increase family self-reliance by increasing food and livestock productivity, developing internal and external markets for agricultural produce, and implementing intermediate energy-technologies.
E. To establish and incorporate an Economic Development Council in the Ramah Navajo Community, which will coordinate, implement, and develop funding for economic development plans.
F. To reverse the situation in which money earned in the community is spent outside the community, i.e., to keep money within the community as a capital foundation for self-reliance and further development.

G. To establish community and/or privately-owned economic enterprises and activities in each primary "survival" category: Food and Land; Clothing; Shelter; Transportation; and Homemaking.
H. To establish utilities services in every community unit by overcoming present obstacles to utility development.
I. To train and develop local community members in business management and in the various trades involved in the economic development plan.
J. To establish an alternative means of financially supporting Ramah Navajo School Board operations through the development of affiliated economic activities.

Although this plan was, and has been, useful for purposes of reference (particularly during proposal development), it was never actually operationalized in a systematic or structured fashion. In early 1981, the Division of Community Research and Development of RNSB established a Community Planning Office and hired two professional staff, ostensibly to spearhead and implement economic development initiatives. The above-referenced Preliminary Economic Development Plan was conveyed to that office for follow-through. Although the Plan may have been used as a starting point and for subsequent reference, it was not placed in the foreground of planning activity.

LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

The Community Planning Office performed two major activities: (a) the development of a grant proposal and the successful securing of funds from the Local Initiatives Support Corporation (LISC); and (b) the design and implementation of a Community Economic Needs Survey.

In collaboration with the Center for Community Change (CCC), the community planners put together a project application which proposed to accomplish four main purposes:

1. To analyze the local economy. [NOTE: this was altered later to read: To evaluate the economic survey and to derive goals and objectives from the results."]
2. To set economic development goals and priorities. [NOTE: later changed to: "To develop a Comprehensive Economic Development Plan."]
3. To construct a framework for evaluating economic development opportunities. [NOTE: this purpose was later deleted from the project.]
4. To design an institutional vehicle [later changed to "model"] for developing, owning, and managing economic ventures.
5. To analyze and pursue specific retail development.

Soon after the grant was received, there was an abrupt turnover in planning personnel, and the project never "hit stride". Several project period extensions, as well as scope modifications, were requested and authorized, and by 1983 several "pieces to the puzzle" had been developed, but without system, coordination, or ultimate implementation. The Board's new planning office attempted to pick up those pieces and to weave them into a coherent whole, at least for purposes of reporting back to LISC the project accomplishments and for establishing an understandable plateau of accomplishment from which further development could be launched. Although RNSB did not literally fulfill the terms of the original grant, a number of results were, in fact, achieved, to the satisfaction of the granting agency, LISC. Most notable among the accomplishments were: (a) the completion of the instrument and the data gathering for the Community Economic Needs Assessment; (b) the publication of "Ramah Navajo Community Comprehensive Economic Development Plan", written by consultant David Hanna; and (c) the development of plans, in various stages of completion, for more than a dozen potential economic/business projects, among them:

1. Local Store Retail Joint Venture;
2. Native Plants and Seeds Project;
3. Utilities/Water Systems Development;
4. Graphics Center Business Project;
5. Construction Enterprise (including Road Improvement; Sand/Gravel/-Cinder; and Native Building Materials);
6. Coal Resource Development;
7. Arts & Crafts/Tourism Business;
8. Laundromat/Service Station/Mini-mall Business;
9. Greenhouse/Seedling Project;
10. Alfalfa/Irrigation/Feed-lot Business;
11. Radio Station Expansion/Self-Support Project;
12. Campus Cafe Business;
13. Early Childhood Materials Business;

Based on demographic and economic data collected, and in collaboration with RNSB planners, the Comprehensive Economic Development Plan identified potential economic projects in two main categories:

Group A - High Priority/Immediate Follow-up

* CONSTRUCTION ENTERPRISE, in 4 phases:
  - Native Building Materials Operation (Adobe & Dimension-Stone, Tile, etc.)
  - Sand, Gravel, and Cinder Operation
  - Community-Based Road Improvement Project
  - Construction Company

* TOURISM/TRAVEL ENTERPRISE, including Arts & Crafts sales

* SHOPPING COMPLEX, including:

  - Laundromat

  - Grocery Store
  - Feed Store/Livestock Supplies
  - Service Station & Repair Garage
  - Cafe/Restaurant

* SOIL AND WATER CONSERVATION DISTRICT

* CREDIT UNION

* GRAPHICS/PRINTING ENTERPRISE

* GAS, OIL, AND GEOTHERMAL EXPLORATION AND UTILIZATION

Group B - Lower Priority/Further Study as Possible

* Native Plants and Seeds Enterprise

* Livestock Grazing Improvement

* Government Office Complex

* Recreation Centers on 5 Community Sites

* Resort Enterprise

Although termed a "Development Plan", the "Hanna Report" lacked detailed operational plans, and much remained to be done to set forth actual objectives, strategies, tasks, schedules, deadlines, etc. Implementation of the plan has occurred in various ways, though not as systematically as may have been optimal.

IMPLEMENTATIONS

Due to the diversity of piecemeal funding sources available for economic development planning and activity, the above-described plans and priorities have not always been addressed systematically. In particular, most of the funding available has been primarily limited by regulation to planning activities, as opposed to implementation. There has been no funding for (a) capital investment in commercial development, or (b) administration and management of actual business projects.

A number of community development priorities and projects have been accomplished through these limited funding sources, with BIA Component "2090" [Community Services-General] providing most of the funds. Among the achievements are the following:

1. Twenty-one (21) sections of BLM land in the south portion of the Ramah Reservation were secured through effective research, planning, and inter-agency negotiation.

2. Planning for remote-site and clustered water system services was successfully done, in collaboration with the Indian Health Service.
3. Planning and application development was successfully done to secure Housing & Urban Development (HUD) Community Development Block Grants (CDBG) for housing in the community.
4. Planning and implementation of the extension of telephone and electrical lines, with Universal Telephone and Continental Divide Electric Co-op respectively, were successfully completed.
5. Planning for and establishing the Ramah Navajo Utility Commission were successfully accomplished.
6. Planning for and installation of solar electrification and heating projects at remote homesites were accomplished in collaboration with the Indian Health Service (IHS) and the Navajo Tribe's Chapter Development office.
7. Effective planning and liaison activities with the Midwest Community Action Program (CAP) were carried out with regard to energy assistance funds and projects for the community.
8. Planning for the expansion and ultimate self-sufficiency of the KTDB-FM community radio station were successfully carried out, resulting in the securing of a major grant from the National Telecommunications and Information Agency (NTIA) to upgrade the equipment and capacity of the radio station and to extend its services into the Eastern and Northern Agencies of the Navajo Reservation. Other planning efforts to increase KTDB's self-sufficiency have also been carried out.
9. Planning and proposal development for numerous Chapter Development projects were successfully carried out, resulting in such projects as Greenhouse remodeling for the School Farm and other local initiatives.
10. Activities in livestock improvement and range management development were carried out in collaboration with the Pine Hill Schools' vocational projects.
11. Demonstration gardening and animal care activities were undertaken at the Community/School Farm.
12. Effective planning for agricultural development and community self-sufficiency was carried out, resulting in a major proposal under the Administration for Native Americans, which was not funded due to jurisdictional issues involving the Navajo Tribe, but which served as a document from which numerous subsequent projects and proposals were developed, including a major three-year grant for a Rural Technology vocational education project received from the US Department of Education.
13. Liaison activities with Cibola County were effectively maintained with respect to economic planning and development.
14. Liaison work and assistance to the Futures for Children projects for the community were carried out.
15. The Free Book program was introduced into the community and implemented by the Community Planning office.

In the past year, several low-key but very practical and highly effective activities have been accomplished in service to the Community Services Contract with the Bureau of Indian Affairs, among which are those relating directly to economic development:

1. Planning for and establishment of the Ramah Navajo Weavers Association were accomplished. This involved extensive grass-roots communication and group work, and resulted in the more direct involvement by community members in their own economic development. Some present priorities include the re-introduction into the community of Churro sheep and the organizing of community weavers for purposes of streamlining and improving marketing, cost efficiency, and revenues, etc.
2. Effective community organizing in the way of helping community members via self-help committees to consult among themselves regarding their needs (for instance in the subsidized housing projects at Pine Hill and near Ramah village) has been carried out. Numerous priorities and potential projects have emerged from this process, including fire protection organizing, social/recreational development, landscaping/environmental improvement, etc. Further activities have included the exploration with community members of the potential of establishing "unit community centers" in each of the grazing/demographic units of the community, as well as of establishing a community culture center at which works of art could be displayed and sold in conjunction with a roadside cafe.
3. A roadside rest area arts & crafts business has been planned and worked on.

Most of these economic and community development activities are of the sort that take a long time to germinate and develop into self-sustaining and successful ventures. Recent planning efforts have been more focused on simple, singular projects involving local community members, rather than on multiple-concept plans and grandiose projects. It has been recognized that a combination of local initiative and the externally-derived development of seed capital are needed in order to transform the local economic picture.

With respect to the higher-profile economic projects, the RNSB administration realized that additional expertise was needed to translate the community's general economic plans into actual economic operations, and it contracted with a Business Development Specialist in the Spring of 1984 to take one or two priority business projects and work them up into professional business plans which could be submitted for major funding from the federal government and/or from the private sector. Two priority projects were identified: (a) a shopping complex; and (b) an arts and crafts enterprise. The consultant undertook a study of RNSB's past economic planning documents, analyzed the economic/-marketing environment of the community, and developed business plans and proposals in these two areas. He then followed up by developing governmental and private support for these projects.

Successful receipt of funds was deterred by bureaucratic restraints within the governmental "system" and by delays in obtaining Chapter approval of the proposals, a step required by the regulations governing the grants. To date, funding has not been forthcoming for those proposals.

An auxiliary assignment for the consultant was to work closely with RNSB planning staff and to provide technical assistance and training in the development of business plans, such that local personnel could continue the business development process independently. This occurred only to a minimal extent. Nevertheless, RNSB planners have acquired some expertise and experience in this area.

Concurrently with the implementation efforts described above, a couple of home-grown projects were attempting to move into the self-supporting business arena: the Tsá'ászi' Graphics Center; and the Native American Materials Development Center (NAMDC). Each of these centers was begun under major federal grants in the 1970's, and their continued existence became dependent on self-supporting kinds of business activity, as federal support of such centers declined dramatically in the early 1980's. The Graphics Center was able to generate impressive gross sales, but operational costs (including the assumption of unfinished projects left hanging by Native American Press, an arm of NAMDC) proved prohibitive, even despite a number of in-kind benefits it maintained by virtue of its association with RNSB. To date, it maintains a fragile status but has survived, though not independently of RNSB programs and services. The Native American Materials Development Center has not had the same fortune and at the present time maintains only minimal activity.

RETROSPECT AND PROSPECT

Economic development in the Ramah Navajo Community presents a formidable challenge. The task is to construct a local, genuine economy practically from scratch, in place of what might be termed a "false economy", i.e., one which is based almost entirely on material support from the federal government. Numerous factors come into play when addressing this need, including:

* Size of labor force and levels of training, education, and experience in kinds of work applicable to a local economy;
* Extent, manufacturability, and marketability of local physical resources;
* The existence or accessibility of capital with which to initiate business ventures;
* The will and energy of the people, and their willingness to regain a central role in creating wealth;
* The influence and relevance of the community's heritage and culture,

in comparison with the influence of the outside world;

* The degree to which the families and schools prepare the community's young for proactive, creative, and responsible economic activity.

Efforts have been made in the past decade to directly address the challenge of economic development in the community. The successes of those efforts have been limited, but it is essential to look upon them as building blocks and stages of growth, from which much can be learned, and upon which further developments can be made. Future efforts must depend upon:

1. Good will, unity, and cooperation between and among the various agencies and individuals serving the community;
2. A balance between proven expertise in the economic development field, on the one hand, and local involvement, development, and initiative, on the other;
3. The bringing together of the people of the community in common action, since the community's most valuable resource is its people;
4. Resolution of the problem of start-up capital, upon which abiding developments can be made;
5. The cultivation of a common vision, embodied in long-term and short-term plans, and approached systematically and cooperatively;
6. Effective and persevering management of the process of development, with tenacious attention to detail, regular communication between and among all involved, clear and specific delegation and allocation of responsibility, well-designed action calendars, and ongoing evaluation of both the process (methods, strategies, and activities) and the product (results and accomplishments) of development.
7. An ongoing and accurate assessment of the needs of the community, incorporating input and feedback from the community itself.

Addendum 6

PINE HILL SCHOOL TRANSPORTATION AND ITS IMPACT ON RAMAH NAVAJO COMMUNITY

The successful operation of Pine Hill Schools would not have been possible without its school transportation services. The school transportation services made the difference in allowing Ramah Navajo Community parents to exercise basic rights that were denied them for over a hundred years. To have school transportation available allowed the excercise of parental rights in the preference of parents to have their children attend school from their homes. This choice impacted the asthetic quality of life for the parents and children. Parents were restored with the rights and responsibility to control the future destiny of their children.

The Pine Hill School has operated its school successfully for fifteen years. Throughout this period it has provided 98% of its student population with school transportation. The children of the community people live in a scattered living pattern perpetuated by both traditional economic conditions and historically by the checkerboarded land ownership base. Presently the future outlook of the community is to maintain their homes in this same pattern especially now that electrical power and indoor plumbing systems are being developed and constructed for the homes in this fashion. In addition, there is an increase in the number of homes based on natural population growth and home improvement programs. Also this year, some eighteen scattered mutual help homes will be built throughout the community. The parents of the community continue to strongly support and demand school transportation services for their children from their homes to the school on a daily basis.

In addition to daily transportationto school, the services also provides for students participation in after school activities. The Pine Hill School provides the only recreational program for this community's youth and due to the economic conditions of many parents, without school transportation services many children are not able to participate at all.

Although school transportation has provided an important and positive impact on the Ramah Navajo Community it still faces many complex problems that are not in direct control of the school and its transporation services. The most immediate and pressing need for school transporation services is two fold.

The need for an adequate level of funds to maintain transporation services with needed improvements for better communication equipment because of isolation and prolonged adverse weather conditions exists. The other need is of equal impact. There exists a need for a high level of consistent, reliable, and permanent maintenance of school bus roads with provisions for improvements.

The Bureau of Indian Affairs, Ramah Navajo Agency Roads Department is charged with total roads maintenance and improvement services for the entire Ramah Navajo Community reservation with the exception of State Highway 53 which runs east and west as the only state road. The BIA Roads Department presently maintain 26.8 miles of paved road, 6.4 miles of graveled roads, and 281.7 miles of dirt roads. Based on a 1974 BIA Roads map, this is only a fraction of the total existing roads. Presently, the Pine Hill School transportation services travels 681 miles a day with 57% of the travel being on paved improved roads and 43% of its travel on dirt unimproved roads. Basically, road maintenance is grossly inadequate to keep up with the road usage. Many problems exist with roads maintenance which contribute to school attendance, low academic performance and low student interest.

It is extremely neccessary that the transportation services be reliable and efficient especially when it has to cover great distances that take up to one and a half to two hours driving time one way to school. When children have to be picked up at 6:00 A.M. in the mornings in order to get to school on time by 8:00 A.M. the same children tire easily and cannot be expected to perform at optimum level. The lack of adequate roads and maintenance system sets off a chain reaction impacting negatively on the students at school.

Unimproved and dirt road conditions of the school bus routes causes an enormous vehicular wear and tear and an astronomical repair cost of the school buses every year. Unimproved and dirt road conditions poses hazardous conditions with the children's intellectectual growth in school activities.

In summary, school transportation services is a vital function of the Pine Hill School operation because it serves basic rights of parents and is the only means that allows children access to educational opportunities for the betterment of their lives. There exists discrepancy between the BIA Roads System and the Pine Hill School Bus Routes for 81.5 miles of roads not being accounted for and maintained. Lack of proper road maintenance with improvements for school bus routes and inadequate funds funds needed for maintenance of transportation services operation to cover wear and tear caused by travel on unimproved roads are immediate needs that impact on the education of children in the Ramah Navajo Community.

Addendum 7

Adult, Community, and Non-formal Education Needs Statement

COMMUNITY DEVELOPMENT

Indian communities, especially isolated areas, feel the affects of change more profoundly than other communities. The technological gap is widening and leaving the Indian community further behind. In our Indian families, we see the symptoms - intergenerational conflict, lack of communication between the elders and youth is evident. Young people have one foot in the 20th century and the other in the hogan. Internal conflict is inevitable.

Families have been and still are the key to Indian survival, yet, it's at the family level that most rapid disintegration is taking place. Extended family support systems are breaking down rapidly or already gone. The nuclear family in today's economy may not be the most viable structure. Quality time with youth is not possible, given the demands of making a living. Our youth are growing up without the support system or the experiential opportunities available to the youth of 50 years ago. Statistics say that 40% or more of the babies born in this country will be born into single parent families. In Indian communities the percentage may be higher. Implications are frightening.

Families have been the vehicle, in both Indian and non-Indian Amercia, whereby attitudes, values and behaviors of each generation were passed on to the next, as the natural result of interaction between parents and children. Cultural transfer also occurred as youth grew up living and working along side parents. Family responsibilities played an important role in the growing up process. Responsibilities began at an early age and increased as youth grew older. Consequences were real and direct results of behavior. This process contributed significantly to the development of capable young people.

As these circumstances have changed, so has the ability of the family to duplicate the processes needed to raise capable youth. As dependency increased for the family, the likelihood that independent people would be produced was affected. Dependency at the community level is now evident in Indian populations and the process of raising capable young people has been short circuited.

The results are evident; suicides, drug and alcohol abuse, teenage pregnancy, lack of success in school, all are serious problems in Indian communities.

Reaction of social programs on reservations is often aimed at rehabilitation, when in fact, habilitation has not occurred yet. The developmental process has been interrupted, largely due to an inability to adapt to rapid change.

"Indian Legislation" has had some positive impact, inspite of the general trend toward hand-out type programs. The opportunities that RNSB has been given have provided some important learning experiences. We have tried a number of approaches, mainly trying to replicate what the non-Indian community has to offer and, in some cases we've learned that it hasn't worked. In the area of Adult Education we've tried various approaches to adult basic literacy and learned several valuable lessons as a result of federal grants that enabled us to try approaches successful in the non-Indian world, unsuccessful with our population.

In vocational education we've learned that traditional approaches (in the non-Indian world) were not appropriate to our situation and only served to raise unrealistic expectations which were not met. As a result, we have had an opportunity, through federal grants, to develop approaches which recognize our unique situation and economic conditions and are more compatible and supportive of traditional lifestyles and economic realities here.

What was critical was that we had the flexibility to try new approaches, to innovate and adapt to meet the conditions. Often in Indian education, K-12, we have been forced to play by the rules, established in Washington, many of which are not appropriate, do not take into consideration our unique environmental factors, and, most importantly, can change frequently (seemingly at the whim of uninformed bureaucrats).

Affects on Families -

Adult Education has strengthened the family by providing opportunities for parents, elders to learn some English, lessening the gap between themselves and the youth. The parents can then be more supportive when they can understand the importance of and the depth of the job the school has to do in educating Navajo youth.

Vocational Education has strengthened the families by providing opportunities that enhance the ability of the family to make a living at traditional livelihoods ie ranching, farming, agriculture, etc. We now provide training in Rural Technologies, skills needed to make a living in our environment and provide hands on opportunities to learn through our demonstration farm project.

Both Adult Ed. and Voc. Ed. have strengthened the family by providing opportunities to learn new skills in areas such as Home Economics, Livestock Management, Traditional crafts, inservice training for those already employed, as well as providing opportunities to complete high school through the GED program.

In addition, the community recreation program, sponsored by Adult Education has provided activities which are wholesome, creative outlets for both youth and adults in the community.

Most importantly, as people (youth and adults) experience, they learn. As they develop a broader range of experience, self-confidence increases and leadership skills are developed. We are directly and indirectly impacting future generations of leaders as we develop our approaches to providing educational opportunities.

Problems with Indian Ed. legislation:

- o not encouraging true self-determination when D.C. makes the rules and changes them regularly
- o not flexible enough to allow communities to innovate and adapt to conditions (some are)
- o Indian communities can be nearly as diverse from each other as they are from the non-Indian population need to recognize this
- o In some cases, we have to compete with other tribes/communities for money/services.

I. EDUCATIONAL NEED

The demographic, economic, and educational data contained in this section define the need for an Adult Education project on the Ramah Navajo Reservation. The data are taken from a variety of sources: a 1977 community survey; the 1982 Comprehensive Economic Development Plan of the Ramah Navajo Community; and data from the local Agency of the Bureau of Indian Affairs.

A. DEMOGRAPHIC CHARACTERISTICS

1. The Ramah Navajo Agency of the Bureau of Indian Affairs estimates a 1982 total resident Indian population of 1,793 on the Ramah Navajo Reservation.
2. A comparison of the age and sex distributions of the Navajo Nation and the U.S. populations in 1970 shows that the Navajo Nation population including Ramah is extremely young in comparison to national averages. There are several implications of a youthful population for the development of an economy:
    a. The dependency ratio is unusually high, i.e., the productive "working age" population must bear a greater burden of the dependent children and elderly;
    b. The relatively high proportion of young people places strains on already scarce resources; and
    c. The scarcity of resources and the limitations of economic opportunities often cause out-migration of college-age persons and young families.
3. The table below outlines the labor force characteristics of the Ramah Reservation for 1982.

Characteristics	Number
Indian population	1,793
Total under 16 years	466
Total 16 years and older	1,327
Not in Labor Force (16 years and older)	91
Potential Labor Force (16 years and older)	1,236
Employed	299
Not Employed	937
Of unemployed, those seeking work	764
Unemployment Rate	75.81%

B. ECONOMIC/EMPLOYMENT NEEDS DATA

1. Unemployment in the Ramah Navajo Community is chronically high. The basic underlying causes of the 75% unemployment problem are isolation, poor road conditions, and the lack of job opportunities. Employment figures indicate that 91% of those jobs that are available are in the public sector: either government or services. About 5% of the jobs are in retail trade, 4% in constructions and less than 1% in formalized agriculture. There are no mining, manufacturing, transportation, communication, utilities, wholesale trade, finance, insurance or real estate jobs. Some jobs under the Ramah Navajo School Board could be classified as communications or utilities, but they are federally-funded at this time. The imbalance suggested by the employment figures is a precarious basis for a community's economy.
2. From a recent survey of Ramah households, the per capita income was determined to be $2,000, which is 50% to 75% below national and regional averages. Furthermore, the survey showed that slightly more than one-half of the households in the chapter had an annual income of $5,000 or less.
3. Various forms of public assistance are available to low-income residents of the Ramah Chapter, including Food Stamps, Aid to Families with Dependent Children, Social Security, Supplemental Social Security, Veterans Benefits,

General Assistance, etc. Over two-thirds of the Ramah Navajo households receive some type of public assistance and over seventy percent of the community, considering the size of its families, live drastically below USDA-established poverty levels.

C. EDUCATIONAL NEEDS DATA

1. More than half of the local adult population has less than a 6th grade education. However, number of years of formal education has been shown not to be an indicator of reading level or academic competence. Most of our basic literacy students have demonstrated little ability to speak, read, and or write English.
2. About 211 local Navajo adults have completed between 6 and 11 years of formal schooling. Of the 311 adult students with whom we have worked, the average reading level upon entry has been 3.5, and nearly all of the students are linguistically dominant in the Navajo language.
3. To summarize the above two items, about 73% of local Navajo adults have not completed high school, as reflected in the following statistics:

   o 1,327 local adults total, over age 16
   o 160 local high school graduates since 1974
   o 100 GED graduates/diploma recipients since 1974
   o 25 local adults with college degrees
   o 75 local adults graduating from high school before 1974
   o 967 local adults who have not completed high school (73%)

4. According to figures available from Pine Hill High School of the Ramah Navajo School Board, 86 young people dropped out of high school between 1975 and 1983. Considering an annual, average high school enrollment of 120 students, this interprets into an annual dropout rate of 9.5% to 10%.
5. Needs for Adult Education are clearly indicated in the foregoing data.
   a. While the percent of the adult population that has completed high school or GED has increased significantly, clearly there remains a significant portion of the Ramah Navajo adult population without

such training. Many GED and pre-GED students have in past years participated in Adult Education courses, but for many reasons were not able to complete. Others gained access to GED students by way of CETA employment, but CETA and related funds for the Ramah Navajo community have been drastically cut.

b. It is also clear that there is further need for ABE services in the community. The seeds of economic development are just beginning to germinate in this community, a direct result of our efforts to begin to produce people literate enough to become actively involved in the process. Continued community growth depends upon a ready labor force that is at least basically literate; much remains to be done in this area.

6. The following prioritized list interprets these matters into direct program needs. These needs come from an assessment conducted with adult students of the program:

   a. There is a need for more buses and drivers capable of regular, dependable services, including on muddy roads.
   b. English literacy training
   c. Reading competency
   d. Math competency
   e. Money for educational trips
   f. More money for the overall program of services
   g. Night classes
   h. More teachers
   i. More workshops and seminar presentations
   j. More and larger classrooms
   k. Scheduling that will allow students to take classes all day every day.
   l. More use of audio-visual materials
   m. Navajo literacy training

D. CONCLUSION

In general, it remains a frustrating employment situation for most Ramah Navajo adults, due to the lack of local employment opportunities. In the nearby towns of Gallup and Grants, there are some opportunities, but most local adults do not have the educational background, the English-speaking ability, the vocational qualifications, the coping skills, or in many cases the desire, to work in the jobs which are available there. Vocational training in selected high-priority fields is now available, but there remains a high need for basic and high-school-level education for those adults who might seek vocational training.

As external support for the reservation community dwindles and as the community moves forward with various economic initiatives, there will be a sharply increased need for community adults to posses skills and knowledge that will (a) enable them to be employed in various enterprises; and/or (b) enable them to be more self-reliant in other ways, such as through more productive agricultural practices, rural technologies, etc. Further, as the community comes into increasing control of its own governance, there will be a broader base of citizen participation; therefore, community adults must be prepared to assume new roles and involvements in the community. Basic educational skills will be foundational to effective involvement. The Ramah Navajo School Board, Inc., knows that community and economic development cannot take place without "people development." Adult Basic Education is, therefore, an essential component of current and future community development initiatives.

TABLE II

PRACTICAL EDUCATIONAL NEEDS
OF A SAMPLE OF RAMAH NAVAJO ADULTS
N = 35

SKILL IDENTIFIED	# RESPONDENTS
CONSUMER SKILLS	
1. Knowing & deciding what community resource to turn to for help with a problem	3
2. Knowing what a budget is & how to use it; Figuring a family budget; how to match resources with needs, etc.	10
3. Finding the best buy at a store; how to make the best of food stamps, food budgeting, etc.	14
4. Knowing more about money - the various denominations, conversions and change, how to open up and use checking accounts, how to get loans, etc.	5
CITIZENSHIP SKILLS	
5. Reading a ballot	4
6. Knowing my legal rights, when to seek redress, etc.	2
7. Knowing how to drive safely and legally, pass driver's test, road signs, vehicle registration requirements, etc.	3
8. How to be a better meeting participant - Robert's Rules of Order, how to participate, what an agenda is, what the different government entities are and how they work, etc.	4
COMMUNICATIONS SKILLS	
9. Unable to communicate in English	3
10. Doesn't understand the technological aspects of social life.	3
HEALTH SKILLS	
11. Knowing more about emergency & first aid care	3
12. Knowing about home care for babies, handicapped, elderly, etc.	2
13. Knowing more about food – nutrition, how to prepare food for diabetics, babies & children, people with high blood pressure, use of commodity foods, etc.	9
EMPLOYABILITY SKILLS	
14. Knowing what the skill & performance requirements of a job are.	4
15. Reading a want ad, knowing how to use various resources for finding job opportunities, etc.	5
16. Filling out job applications	3
17. Knowing how to do job interviews, understanding hiring practices, etc.	4

BUSINESS SKILLS

18. Knowing more about how to handle communications on the job - telephone, business letters, etc.	5
19. Knowing how to market what I make - how to set prices, get more demand for the goods, conserve and recycle resources, etc.	7
20. Learning to become a master at various arts & crafts, all the way through to marketing and selling - including conversational and literacy skills to help with business, etc.	7
21. Learning new crafts and how to read patterns, how to design my own things, etc.	4

PERSONAL SELF-MANAGEMENT SKILLS

22. Filling out W-2, W-4, 1040EZ forms	6
23. Reading and understanding a contract - employment, purchase, etc.	2
24. Computing job earnings	1
25. Learning more about child development - traditional vs. modern practices, education, communicating with children, legal rights, setting goals for children, etc.	8
26. Knowing more about home development - how to arrange, keep it in good shape, minor repairs, etc.	4
27. Lacks the skills to obtain a standard home, e.g., the process of obtaining running water, power lines, and applying for Housing Assistance.	1
28. Lacks the skill to understand Range Management for livestock and general management for deriving a profit from the livestock.	5

Addendum 8

Statement by Katie Henio
Ramah Navajo Elder

As an uneducated community member, I was only a sheepherder when our community's only high school system was closed down. The Ramah Navajo School Board, Inc. was formed with Board members just about uneducated as I am. Yet they went after funds to start an educational system that would help the youth of our community. The school was open with teachers and parents helping out. I had started working in 1972. Later with future planning, school facilities were built in the midst of our community. We had graduates at the old school and we continue to graduate our children here at the new school. Community Education was stress with Bilingual Education being the most important. Our children must also retain our heritage, language and culture, at the same time preparing themselves to enter the new age of technological world.

We now see many of them going on to school, while others are working and hold jobs within the community. Yet we still have unmet needs. We are proud of our facilities, but we are overcrowded in many areas. We need a cafeteria and midschool to accommodate our growing enrollment. There are students who need boarding facilities. Presently, the board facility is over 20 miles away. The majority of our students live at home and ride the bus every day. The need to upgrade the roads so it's passable year round is great.

We as parents and grandparents have along with our children been attending school. Learning to write our names and the very basic to survive in an English speaking world. We also revived our traditional skills which was dying out, such as weaving, basketry and moccasin making. Our main problem prevents many of our adult students attending is transportation. We live in a vast area and depend upon others for transportation. There are no longer funds available for our Bus Transportation.

Our students are receiving a quality education, but we also need to enhence our childrens future skills with other activities such as art, competitive sports, music and other extra curriculum activities for which funds are not provided. I want my children and grandchildren to have a well-rounded quality education.

There are additional facilities needed.

Addendum 9

HEALTH SERVICES

Background and Development

Until 1978, the closest health facilities for the Ramah Navajo Community (operated by the Indian Health Service) were 45 miles away near Zuni, NM or 60 miles to Gallup, NM. As with the Ramah Navajo School, people of the Community felt that health services should be available close to home.

Acting under the Indian Self-Determination Act, Public Law 93-638, members of the incorporated Ramah Navajo School Board took their plans for a health facility to Congress and in 1977, Congress appropriated the money for construction and operation of a health center at Pine Hill.

Operations

In 1978, the physical plant was complete. Today, where no health care services had existed before, a primary health care center offers routine outpatient services which include well child care, dental, laboratory, pharmacy, x-ray, optometric, and audiological services. A field health unit provides a "bridge" between the clinic and the community where families do not consistently have available transportation or 4-wheel drive vehicles are required to reach them when the roads are otherwise impassable due to mud conditions. They assist community people in overcoming physical, economic, and cross-cultural barriers to the attainment of health care. Likewise, trained and certified Emergency Medical Technicians are on duty 24 hours, and community members are within a reasonable response time, to receive basic life support services and conveyance to emergency and inpatient facilities via ambulance.

For services not provided at Pine Hill, the Health Center has working agreements with hospitals and doctors in Zuni, Gallup, Grants, and Albuquerque, New Mexico.

The Pine Hill Health Center is supervised and supported by the Ramah Navajo School Board, Inc. The Board members provide community input, and make major decisions concerning operations and future planning of the Health Center.

Health Status of the Community

No good base line data exists for the health status of the Ramah Navajo Reservation, specifically. However, a general picture of health can be gleaned from analyzing data from the larger Navajo Reservation. In comparing the leading causes of death on the Navajo now with those of twenty years ago and less, one could conclude that the "epidemiolagical transition" has taken place; that is, that infectious and parasitic diseases have dropped from prominence to be replaced by the more chronic degenerative diseases such as heart disease, cancer, or diabetes. When compared with the leading causes of death for the U.S., there is essentially a similar pattern in conditions with differences in rankings.

Infant mortality, the most popular "sentinel" indicator of a population's health status, has been declining in the Navajo population over the past five years, narrowing the gap between the Navajo and the general population of the U.S., and almost on a par with it.

However, favorable comparisons in general end here. A significant difference between the Navajo population and the general U.S. population is in the age distribution. The Navajo population is much "younger" than the general population, with a median age of 19.8 years compared to that of 30 years. Only 5% of the Navajo population is over 65 years old while the figure is 11.3% in the general population (1979 IHS data). Data from the BIA (1982 Report on Labor Force), as well as recent Pine Hill Health Center counts of the population, confirm a similar picture for the Ramah Navajo Reservation. Thirty-three percent (33%) of Ramah Navajos are under the age of 15 years, and only 13% are over the age of 44 years.

Average life expectancy at birth for the U.S. population in 1980 was 73.7 years, 77.5 for females and 70 years for males, while average life expectancy for Navajos was 64.9, 71.8 for years for females and 58.8 years of males. This is an average difference of nearly nine years. It was estimated, using 1979 data from the National Center for Health Statistics, that the Navajo male life expectancy approximated that of a white male in 1928-31, and Navajo females that of white females in 1949-51.

What is alarming here is that, not only does the Navajo population have a higher dependency ratio than the U.S. population in general, but Navajos, both male and female, die in greater number at younger ages than their U.S. counterparts, up to the age category of 55 years and older. Moreover, Navajo males between the ages 15-34 have three times the death rate of U.S. males in this category, as well as Navajo females having twice the rate of U.S. females (1980 IHS data). This can only translate into a greater disruption of family earning power and stability where more dependents are concerned, as compared with the general population.

What is causing these deaths at a time when an individual should be developing skills, preparing for the prime bread-winning years? In 1980, for Navajos age 15-34 years, motor vehicle accidents was the leading cause of death (43%), mental disorders second (8%), and homicide and suicide third and fourth (7% and 6%). In 1980, cirrhosis and motor vehicle accidents had over four times the incidence among Navajos as the general population, and homicide nearly twice the incidence.

A contributing factor to these conditions (the nucleus of most) is the use of alcohol. This can be expected where unemployment is high, educational attainment marginal, opportunities are scarce, and individuals must struggle to make a difficult transition or adjustment to a dominant culture and a high tech society.

In summary, one can say that, in general, the health status of the Navajo, and the Ramah Navajo, is gradually improving, with gaps in certain areas between the general population narrowing, most significantly in infant mortality. This is due to policies backed by resources which decentralize facilities and programs, and bring the services closer to the people. Prime examples of this are public health nursing campaigns against tuberculosis of 30 years ago, outreach programs such as CHR and community health nursing, emphasizing maternal and health, and construction of primary health care centers closer to service populations. The legislative intent and spirit of the Indian Self-Determination Act and the Indian Health Care Improvement Act have been and should continue to be catalysts for increasing the role of local people in designing and delivering appropriate health services, and elevating the health status of Indians.

However, one must bear in mind that a high birth rate, lower life expectancy, and a pattern of higher death rates in middle age groups show the Navajo as still lagging behind the U.S. population. Health problems are changing for the Navajo, and are reflected in a lifestyle increasingly imposed by the "outside," and taking place in an atmosphere of relative economic under-development. New strategies are needed to address alcohol and substance abuse problems - programs that can address ever increasing mental health needs.

Community Outpatient Data

Ambulatory patient care reports for the Pine Hill Health Center tend to confirm the general picture of health described previously. According to IHS figures from Fiscal Year Ending September 1985, approximately 37% of visits to the Pine Hill Health Center were from those 19 years and younger. Those between the ages of 20 and 44 years accounted for about 33% of the visits. There were 14,874 total visits during this year.

The ten leading causes of outpatient visits for the fiscal year ending September, 1985 are as follows:

	Disease Category	Number of Visits
1.	Supplemental	3,871
2.	Diseases of Respiratory System	2,693
3.	Eye Diseases	1,574
4.	Ear Diseases	1,093
5.	Accidents	825
6.	Diseases of Digestive System	627
7.	Endocrine, Nutritional and Metabolic Disorders	586
8.	Infections and Parasitic	537
9.	Diseases of Skin	508
10.	Mental Disorders	333
		12,647

These ten categories account for 85% of visits to the Health Center. The Supplemental category is a catch-all for well child care visits, physical exams, lab tests, and other preventive services. Diseases of the Respiratory System are predominantly colds and viral infections. Refractive error accounts for 60% of the Eye Diseases category. Otitis media accounts for 86% of Ear Diseases. In the Accident category, 13% of the injuries were alcohol related. Diabetes mellitus accounted for about 90% of Endocrine, Natritional, and Metabolic Disorders. Dental visits account for most of the Digestive Disease category. Strep throat and gastro-enteritis account for Infectious Disease, roughly half and half. About one-third of the visits in the Mental Disorders category are for schizophrenia and other psychoses.

A closer look at accidental injuries seen at the clinic from September, 1984, through September, 1985, reveals that 36% of motor vehicle injuries were alcohol related. Additionally, a full 62% of purposely inflicted injuries (assault and battery) were alcohol related. Of 18 cases of battery that occurred inside the home, 72% were alcohol related. In 1984, seven of the fourteen deaths (or 50%) in the Ramah Navajo Community were alcohol related. Anecdotally, in early Spring 1985, a 16 year old weas brought to the clinic dead on arrival, a victim of inhalent abuse (Liquid Paper). A nearly fatal incident of glue sniffing by school age children was interrupted by alert dormitory aides, and the participants given emergency treatment at the clinic.

This information points a picture of a predominantly "younger" population seeking care for conditions largely outside the purview of the more traditional public health interventions. Increasingly, disease patterns are shifting due to changing lifestyles, and the clinic is seeing more and more conditions related to alcohol and substance abuse - problems, the nature of which, fit better under the rubric of Mental Health.

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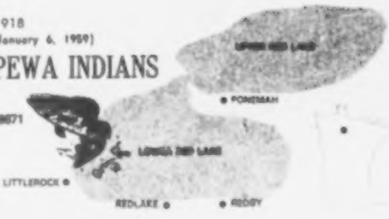

TESTIMONY

OF

ROGER A. JOURDAIN
CHAIRMAN
RED LAKE BAND OF CHIPPEWA INDIANS
ADDENDUM TO PREVIOUS TESTIMONY
PRESENTED ON FEBRUARY 18, 1986

Mr. Chairman, Members of the Committee: The Red Lake Band of Chippewa Indians wish to take exception to the testimony presented by representatives of the Department of Education. The officials of the Department of Education have presented a totally erroneous picture of the needs of American Indian Tribes in relation to their recommended phase out of the portion of the Library Services and Construction Act that applies to Indian Tribes and Hawaiian Natives. 1985 was the first year funding became available to Tribes under this new legislation and the Red Lake Band of Chippewa Indians submitted a proposal for comprehensive library services to begin on the Red Lake Reservation. The needs of the Red Lake Band include construction costs, training of library personnel and the acquisition of sufficient library material of both general and specialized interests to meet the needs of the reservation residents. While Red Lake was not among the 18 special projects funded in the first year of the program, Red Lake has submitted another proposal with high hopes that our critical need in this area will be recognized and sufficient resources allocated to begin the process of providing library services. The limited number of Tribes who submitted requests in the first year of funding is not a true indication of the real and critical needs that exist on Indian reservations. It is only an indication of the needs of those Tribes who were able to respond within severely restricted deadlines and without the resources to develop a competitive proposal.

It must be noted that this new program to assist Indian Tribes develop comprehensive library services to their members came about after approximately 15 years of effort by Indian people with the support and recognition by Congress of the existent critical needs. It must also be recognized that with each change in the federal administration, new people come into service who have absolutely no understanding of the real needs of Indian Tribes. Consequently, Indian Tribes must not only continue to present testimony in support of continued improvements in the federal support of Tribal efforts but they must also be ever alert to the words and deeds of those management personnel in government services who arbitrarily declare to Congress that the need has been met and programs may be discontinued. Congress must take renewed effort to fund and continue this critical component at least through the scheduled 1989 lifespan and perhaps beyond.

Thankyou for your consideration.

DEPARTMENT OF EDUCATION

Indian Education, Impact Aid, Vocational Education, and Libraries

List of Witnesses

Bruce M. Carnes, Deputy Under Secretary for
Planning, Budget and Evaluation

accompanied by

Lawrence F. Davenport, Assistant Secretary for Elementary and Secondary Education

Lawrence L. Brown, III, Director, Division of Elementary, Secondary, and Vocational Analysis, Office of Planning, Budget and Evaluation

Hakim Khan, Acting Director, Indian Education Programs, Office of Elementary and Secondary Education

DEPARTMENT OF EDUCATION

Statement by the Deputy Under Secretary for Planning, Budget and Evaluation

on

Indian Education, Impact Aid, Vocational Education, and Libraries

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to discuss the fiscal year 1987 budget request and possible legislative proposals for several Department of Education programs that serve Indians.

Educational and Economic Status of American Indians

The purpose of Department of Education programs specifically directed at Indian children and adults is to help overcome the historic disadvantagement and isolation of the American Indian.

Although Native Americans continue to have high poverty, unemployment, and drop-out rates, they have made significant educational and economic gains during the past decade. Between 1970 and 1980:

- The proportion of Indian families living in poverty declined from 33 percent to 24 percent. (The proportion for the U.S. as a whole is about 10 percent.)
- The median family income for Indians increased from $5,823 to $13,724, compared to $20,835 for the U.S. as a whole.
- The proportion of Indian adults aged 25 and over who had completed high school increased from 33 percent to 56 percent, compared to 67 percent for the total U.S.

In addition, 1982 test scores from the Department's High School and Beyond longitudinal surveys indicate that Indian high school students score higher than black and Hispanic children (although lower than white and Asian children) in almost every academic subject.

In sum, data from a variety of sources indicate that the Indian population has achieved significant economic and educational progress in recent years. Nonetheless, Indians continue to lag behind the general population in these areas. This is the basis of the Administration's continued support for programs directed at the special needs of Indian children and adults.

Indian Education Act Reauthorization

We are requesting $75,729,000 for programs under a proposed reauthorization of the Indian Education Act. Our reauthorization proposal would make the first major changes in this Act since its enactment in 1972. In the intervening years, considerable overlap has developed between programs administered by the Department of Education and those under the jurisdiction of the Bureau of Indian Affairs (BIA).

In working with the BIA on the Administration's reauthorization proposal, one of our principal objectives was to sort out the proper division of responsibilities between this Department and the BIA. By achieving this division, we can not only eliminate bureaucratic overlap, but also improve the delivery of services to Indians. In essence, we concluded that, because the Department has a major mission to help ensure equal educational opportunity to all Americans and because, at the elementary and secondary level, this mission is generally carried out through grant assistance to local educational agencies (LEAs), it would be appropriate to give the Department responsibility to administer all programs assisting LEAs to improve educational opportunities for Indian children.

Similarly, because BIA education programs are based on the historic relationship between the Federal Government and Indian tribal governments, it is appropriate for the BIA to administer all programs assisting schools controlled by Indian tribes or by the BIA itself.

On the other hand, we found that while both the BIA and the Department of Education administer adult education programs for Indians, these programs are operationally very different and have resulted in little duplication of services. Therefore, our reauthorization proposal would permit continued operation of separate programs.

A second objective of the reauthorization proposal is to bring the States more actively into the administration of Indian education programs. As you know, the States have taken the lead in improving education across the country. Yet the Department's Indian education formula grant program has always been administered on a direct Federal-to-local basis. Under our legislative proposal, Federal funds would flow to State educational agencies, which would be responsible for assessing local applications for funding and directing Federal resources to local educational agencies, as they do in our other major elementary and secondary programs, such as Chapter 1 and Education for the Handicapped. Because States are closer than the Federal Government to the local communities where programs are actually administered, and because the States have become so active in educational reform, we believe this change in the law would ensure that Indian education is an integral component in the national campaign for educational excellence.

The Department's reauthorization proposal will be submitted to Congress shortly. Our budget proposal under this reauthorization would increase funding for Indian education programs in the Department by $11,542,000. Taken as a whole, the budget would keep total funding for affected programs in the Department and the BIA at approximately the 1986 pre-sequestration level.

State Grants (Title I)

We are requesting $70,323,000 for the new program of grants to States. This would be an increase of $22,453,000 over the 1986 post-sequestration levels for the antecedent Part A (Grants to LEAs) and Johnson-O'Malley programs.

Under the program, funds would be allocated to each State on the basis of the enrollment of Indian children in public schools within the State and the State or national average per pupil expenditure for education. A "hold-harmless" provision would prevent any State from receiving a reduction from the amount that LEAs within the State received under Part A and the Johnson-O'Malley Act for 1986.

Participating States would be required to submit to the Department a three-year application containing descriptions of how the State educational agency (SEA) will distribute funds to LEAs and how it will monitor Indian education programs funded under the Act. In making this distribution, each State would be required to use a formula based on enrollment of Indian children and on additional criteria relating to the educational or economic disadvantagement of such children. Such criteria might include the number of Indian children from low-income families, the number of children who score below average on standardized achievement tests, or the number of children from sparsely populated areas.

At the local level LEAs would, as under current law, be permitted to use funds for a wide variety of activities, including remedial and compensatory instruction, guidance and counseling, school health programs, special programs for the handicapped or the gifted and talented, and early childhood education. All programs are to be aimed at meeting the special educational needs of Indian children and to be sensitive to their cultural heritage.

In order to participate, each LEA would be required to conduct an assessment of the needs of Indian children enrolled in the district. In addition, the LEA would be required to file with the State a three-year application describing the results of the local needs assessment and the program that it will support with Indian Education funds. The application would also contain assurances that the LEA will give priority to educational areas and students whose needs are greatest and that it will conduct regular evaluations of programs supported under the Act. In situations where an LEA does not choose to participate in the program or where it believes that services can best be provided by a local Indian organization, the bill would permit the State to contract directly with that Indian organization.

LEAs would have the option of contracting with tribes or local Indian organizations for the provision of services to Indian children. Also, in cases where an LEA chooses not to participate in the program, the bill would authorize direct contracts between a tribe or Indian organization and the State.

Consistent with current law, each LEA would be required to maintain a local education committee composed of Indian parents and teachers, and, where appropriate, secondary school students. This committee would be actively involved in the operation and evaluation of local programs, and would have to approve the LEA's application for funding. The Department believes that the involvement of parents and others in the Indian community is essential to the success of Indian education projects.

We anticipate that the 1987 request of $70,323,000 for grants to States will permit funding of projects in some 1,280 LEAs located in 42 States. Approximately 257,000 Indian children will be assisted, at an average Federal cost of $275 per child.

Adult Education (Title II)

The proposed legislation would continue the current Indian adult education program, although separate funding for planning, pilot, and demonstration projects would be eliminated. For this activity, the budget includes $2,940,000, an increase of $143,000 over the 1986 post-sequestration level. Funds under this program would be made available, on a competitive basis, for projects to enable Indians to acquire basic literacy skills and to complete secondary school or its equivalent.

We anticipate that the 1987 budget will permit the Department to make 28 Adult Education grants for projects serving close to 10,000 Indian adults.

Program Administration (Title III)

For fiscal year 1987, $2,180,000 is requested to cover the administrative costs of the Office of Indian Education (OIE). This is a $173,000 increase over the 1986 post-sequestration level. The Department expects that the current OIE staffing level will be maintained in 1987. The small increase requested will be used to meet increased costs for rent, communications, and travel, and to increase data processing services.

The National Advisory Council on Indian Education will be continued under the new statute, although some of the Council's current activities (such as review of project applications and assistance in developing regulations) will be eliminated. The Council will be authorized to evaluate and advise the President and the Secretary on any Federal programs in which Indians participate or from which they can benefit. The 1987 budget request for the Council is $286,000, a $74,000 increase over the 1986 post-sequestration level. The objective is to enable the Council to meet uncontrollable cost increases in areas like rent, postage, and travel while maintaining the current level of operations.

Impact Aid

Under the 1987 budget request for Section 3 of the Impact Aid program, a total of 630 districts are expected to receive funds for the education of more than 90,000 children residing on Indian lands. The estimated total for these payments for 1987 is over $200 million.

For purposes of Impact Aid payments, all children residing on Indian lands are defined as "a" children. The budget request proposes a new graduated payment formula for "a" children, based on the proportion of the district's enrollment made up of "a" children, with payments ranging from 100 percent to approximately 40 percent of entitlement. This formula distributes funds more equitably than those used in recent years and, in particular, will increase payments for many districts serving Indian children.

The 1987 budget request does not include payments for "b" children because these children do not represent a genuine burden to their school districts. Their parents and/or their parents' employers contribute to the local tax base which supports the public school system. School districts that include Indian lands would generally be unaffected by this change, since children who reside on Indian lands are not "b" children.

For construction, $5 million is requested for 1987, to be used for grants to districts that serve large numbers of Indian children and contain large areas of Indian lands. Although this is a modest sum, it should fund one or two school construction projects.

Vocational Education

Under the Carl D. Perkins Vocational Education Act, 1.5 percent of the combined appropriations for Titles I (other than Section 112), II, and IV (other than Part E) is set aside for Indian and Hawaiian Natives programs.

Of this amount, 0.25 percent is used to serve the Hawaiian Natives.

Grants under the Indian program are awarded on a competitive basis to federally recognized Indian tribes for services that are in addition to the services Indians receive under other provisions of the Perkins Act. During the current fiscal year, the Department will use fiscal 1985 funds to support 45 tribal projects training approximately 2,500 participants. Twenty-eight of these projects will be new projects and the remainder will be operating under continuation grants.

The Hawaiian Natives program, which is currently in its initial year of operation, makes awards to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian Natives. For the current year, the Governor has recognized only one organization -- Alu Like, Inc. — so only one grant has been awarded. However, a network of 20 community organizations will act as subgrantees in providing training, placement, and counseling at the local level.

Although the Administration's budget proposal would rescind $172,886,000 for vocational education basic grants (from which Indian and Hawaiian Natives funds are set aside) in 1986 and reduce the basic grants appropriation by an additional $188,395,000 in 1987, the 1.5 percent set-aside for Indian and Hawaiian Natives programs would be maintained. Thus, at the proposed budget levels, funding for the Indian vocational education program would be reduced from $9,564,000 at the post-sequester 1986 level to $7,403,000 at the revised 1986 level and to $4,929,000 in 1987. For the Hawaiian Natives program, funding would be reduced from $1,913,000 to $1,481,000 to $986,000 over the same period.

Libraries

The Library Services and Construction Act (LSCA) authorizes set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian Native organizations from Title I (Public Library Services), Title II (Public Library Construction), and Title III (Interlibrary Cooperation and Resource Sharing). At the 1986 post-sequestration level, these set-asides would provide a total of $1,658,250 for Indian tribes and $552,750 for Hawaiian Native organizations.

Under the Indian program, grants are made to federally recognized tribes and Alaskan Native villages for developing or improving public library services for Indian people living on or near reservations. The law authorizes nine eligible uses of funds, including purchase of materials, library construction, personnel costs, and training. Two types of grants are made: Basic grants are distributed in equal amounts to eligible tribes which have submitted approved applications. The amount of the basic grant is determined by dividing the available funds by the number of eligible tribes and Alaskan villages. Any remaining funds (that is, funds for which no qualified application is made) are then used for discretionary special project grants to support projects developed in conformance with tribal plans for library services.

In fiscal 1985, the first year of this program, $458,000 was allocated in basic grants to 131 tribes and villages. The remaining $1,311,000 was awarded under 18 special project grants averaging $72,800. In 1986, the post-sequestration amount available for Indian programs is $1,658,250. If the Administration's proposed rescission for Title II is adopted, this amount will decrease to $1,335,000.

The Hawaiian Natives program is very similar to the vocational education program for Hawaiian Natives; grants must be made to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian Natives. Again as under the vocational education program, the entire first-year award of $590,000 was provided to Alu-Like, Inc. The current amount available in 1986 for the Hawaiian Natives program is $552,750, and this would decline to $445,000 if the rescission proposal is accepted.

In addition to proposing a rescission of Title II library funds for 1986, the budget would terminate all Federal support for libraries in 1987. It is our position that the purposes of these programs have generally been fulfilled and that further support should be a State and local responsibility.

I would now be happy to respond to your questions.

WRITTEN TESTIMONY

Submitted to the:

U.S. Senate Select Committee on
Indian Affairs

-Fiscal Year 1987 Appropriations-

Submitted on behalf of:
Sinte Gleska College
P.O. Box 490
Rosebud, South Dakota

Howard Valandra, Chairman
SGC Board of Directors

and

Lionel R. Bordeaux,
President

February 18-19, 1986

SINTE GLESKA COLLEGE
Rosebud Sioux Reservation
Rosebud, South Dakota

-INSTITUTIONAL PROFILE-

Founded: Sinte Gleska College was chartered and established in 1971 as an incorporated Tribally-controlled institution of higher education by the Rosebud Sioux Tribe.

Location: The institution is located on the Rosebud Sioux Indian Reservation in south central South Dakota. The reservation is the home of 12,000+ members of the Sicangu Lakota or Burnt Thigh band of the Western Teton Sioux. The reservation area encompasses twenty (20) Tribal communities in four (4) counties with an expanse of approximately 5,337 square miles. Administrative offices are situated in Rosebud, South Dakota with dispersed campus sites located in Mission and Winner, South Dakota.

Mission Statement: Sinte Gleska College provides a model for Indian-controlled education. It is an institution governed by the People rooted to the reservation and culture, concerned about the future, and willing to work to see the institution grow. It provides each Lakota person the opportunity to pursue an education and does so in a way that is relevant to career and academic needs. Sinte Gleska College graduates will help determine the future development and direction of the Tribe and its program entities. In sum, the mission of Sinte Gleska College is to plan, design, implement and assess post-secondary programs and other educational resources uniquely appropriate to the Lakota People in order to facilitate individual development and Tribal autonomy.

Accreditation: The institution is accredited by the North Central Association of Colleges and Schools at the associate (two year) and baccalaureate (four year) degree granting levels. Initial accreditation status was granted on February 1, 1983.

SINTE GLESKA COLLEGE - Profile cont.

Academic Programs:	The institution currently offers five (5) associate degree programs in Human Services, Education, General Studies, Business Education and Lakota Studies. Two (2) bachelor degree programs are offered in Human Services and Elementary Education. The College also offers coursework leading to an Associate of Arts degree in Fine Arts.
Governing Body:	The College is governed by a nine-member, all Indian Board of Directors. The governing body consists of five (5) members elected at-large from reservation communities; two (2) student representatives and one (1) staff representative elected annually from the student body and staff respectively; and one (1) representative selected from the Rosebud Sioux Tribal Council's Education Committee. All positions have full voting powers.
Staff/Faculty:	The College currently employs 78 full-time employees of whom 59% are Indian and 35% have earned masters and/or doctoral degrees. The establishment of well-qualified and committed faculty continues to be a main source of the institution's strength and effectiveness. The College employs 26 full-time and 24 part-time faculty to teach an average of 100 courses per semester. Of the full-time instructors, seven are Indian and four have earned doctoral-level credentials.
Student Body:	The College serves an average enrolled student population of 500 per semester, of which approximately 75% are students of Native American descent.
Other Educational Services:	Academic programs are complemented by a variety of support services including financial aids, counseling, registration, bookstore, study skills, library/media and transportation. In addition, adult and community education services are provided in the areas of G.E.D. (high school diploma equivalent) testing, consumer information, secretarial skills, and community-based tutoring.

INTRODUCTION

Sinte Gleska College serves the Rosebud Sioux Indian Reservation of south central South Dakota, an area encompassing four counties that cover 5,337 square miles where some 12,000 tribal members reside in twenty communities. Sinte Gleska College was officially established by the Rosebud Sioux Tribe in January of 1971 as a tribally-chartered higher education institution for the purpose of designing and delivering appropriate post-secondary programs, services and opportunities throughout the Rosebud Reservation. Inherent within this charter has been the responsibility .o address the educational concerns of the Lakota People and to help plan for and determine the future direction of the Rosebud Sioux Tribe.

During the past fifteen years enrollment at Sinte Gleska College has steadily increased from 165 (Spring 1971) to 548 (Fall 1985) students. The first associate degrees were awarded in 1973 and the first baccalaureate degrees were conferred in 1980. Thus far, Sinte Gleska College has awarded 119 associate degrees per its Business Education, Education, General Studies, Human Services, Lakota Studies and Nursing programs and 31 bachelors degrees in the fields of Elementary Education, Criminal Justice and Mental Health. Five Sinte Gleska College alumni have obtained their graduate degrees, while three are currently engaged in graduate studies at such institutions as the University of Massachusetts, the University of Utah and the University of Nebraska. All of these graduates, whether at the associate or masters degree level bring an enlightened and requisite dimension of professional expertise to the Rosebud Reservation.

In addition to ongoing curricular efforts, Sinte Gleska College also administers a reservation-wide Adult Basic Education Program including a G.E.D. component and community education services. Since 1972, the Sinte Gleska College Adult Basic Education Program has enabled 1000+ students to acquire their high school equivalency certifications. The Adult Basic Education Program is operated via a P.L. 93-638 contract and has become an integral part of the institution mission at Sinte Gleska College.

Today, Sinte Gleska College is accredited by the North Central Association of Colleges and Schools - the first tribal college in the country to obtain accreditation at both the associate and bachelor degree granting levels. In attaining this historic achievement, Sinte Gleska College demonstrated its ability to manage and utilize institutional resources in an effective manner in order to yield a positive and viable educational model that responds to the unique academic needs of our students and those of the various tribal communities.

Moreover, Sinte Gleska College continues to grow and expand its programmatic scope so that in 1985-86, we are planning to implement the Sinte Gleska College Institute of Economic

Development and the Sinte Gleska College Institute of Alcohol and Substance Abuse. These institutes represent an important institutional endeavor which seeks to specifically focus upon issues and considerations affecting Lakota People in their daily lives and which are critical to the survival of the Rosebud Sioux Tribe. Similarly, in 1985-86, Sinte Gleska College is eagerly anticipating the beginning of a vocational education program which provides training in forestry technology and comprehensive building trades. This particular program proposes to lead students to an associate degree while fostering individual skills and manpower competencies that correspond to tribal priority areas. The vocational education field is just one example of the beneficial programs which can emanate from a strong tribe-tribal college relationship and will prepare the Rosebud Sioux Tribe and Sinte Gleska College for the challenges forthcoming that confront us in the 21st century.

Yet despite our advancement and regular attempts to promote a greater institutional self-sufficiency, Sinte Gleska College is extremely wary of the recently enacted Gramm-Rudman legislation and its potentially debilitating impact on the already unsettled fiscal stability of Indian Tribes. This legislation poses definite threats to Sinte Gleska College wherein key programs and services face substantial reductions and/or elimination in the next few years.

Unfortunately, the arrival of Gramm-Rudman is magnified by a series of legislative complications that date back to the origins of Sinte Gleska College and persist in 1985-86. As Sinte Gleska College enters the FY'87 appropriations process we wish to reiterate and reactivate the past legislative shortcomings and previous commitments before these issues become swallowed up by the Gramm-Rudman rescission machinery and are thus either "lost" or "forgotten" at this critical time of institutional development.

Institutional Resources

The following discussion furnishes a brief overview of the current status of institutional resources and describes how the impending cuts will affect student, instructional and administrative programs at Sinte Gleska College.

STUDENT ENROLLMENT

Enrollment in 1985-86 has averaged 500 students per semester marking the third consecutive year of student growth which started at 400 students in 1983-84. This trend is further reflected in annual F.T.I.E. (full-time Indian equivalency) increases which translates into a larger full-time student population and is the basis upon which Sinte Gleska College receives P.L. 98-192 funding.

Enrollment projections indicate another annual increase for 1986-87 however attendant institutional resources, especially student financial assistance, support services and facilities must also grow to sustain adequate program operations. The latter resources have experienced little or no growth over the past three years, eventhough Sinte Gleska College and its colleagues had successfully secured legislation to provide for these anticipated needs. Without a full implementation of P.L. 98-192 and other federal programs designed to assist Indian Education, we are being forced to recognize premature thresholds of student enrollment when in fact, more and more students are choosing to attend tribal colleges.

STUDENT FINANCIAL ASSISTANCE

The aforementioned student growth has produced a small increase in total financial aid funds at Sinte Gleska College but has not created an increase in per student funding. At best Sinte Gleska College students have looked forward to equivalent awards from year to year which, of course, constitute a net funding loss because of annual inflation factors.

A recent Sinte Gleska College survey, of fourteen colleges and universities in a four-state area, revealed that Indian Community Colleges are the institutions suffering the greatest funding losses in association with the Gramm-Rudman legislation. In 1986-87, Sinte Gleska College will suffer a 19% cut overall in Supplemental Educational Opportunity Grants (SEOG) and College Work Study funds. The result is less funds per student and a higher percentage of students who will receive no funding beyond the PELL Grant.

STUDENT SUPPORT SERVICES

Student counseling and academic tutoring continue to be primary objectives at Sinte Gleska College as tribal members combine educational pursuits with the daily rigors and realities of financial security, unemployment, child care and transportation problems. Budget restrictions have limited the type and breadth of services for Sinte Gleska College students and have prohibited hiring extra counseling personnel to work exclusively with student concerns.

At the center of institutional support services is the Special Services for Disadvantaged Student Program - a favorite target for proposed budget reductions which is vulnerable again in FY'87. Sinte Gleska College has struggled to keep support services flowing consistently to students without compromising the balance of institutional resources. Any decrease in Special Services Program funding would diminish counseling and tutoring and other vital support functions to an unacceptable level at Sinte Gleska College.

ACADEMIC PROGRAMS

The cultivation of quality academic programs and instructional services at Sinte Gleska College can be attributed to the past failure of post-secondary institutions to meet the unique educational needs of Indian students. In 1985-86, Sinte Gleska College is exploring several plans and approaches for implementing new courses and new degrees.

After fifteen years Sinte Gleska College has reached a juncture where institutional development and growth depends upon academic program expansion in order to ensure continued academic integrity and credibility. Funding cuts in preceding years have reduced academic departments to minimal staffing capacities that require an average addition of two full-time faculty positions per department. Each department is in jeopardy of losing substantial personnel and operational support monies commencing in FY'87 with no viable funding opportunities on the horizon.

FACILITIES

Facilities is the least developed of all institutional resources due to the huge demands for capital outlay. Existing facilities are generally too few and too small and will soon become a definite deterrent to overall institutional resource development.

Future prospects for facilities rest clearly with P.L. 98-192 which authorizes construction funds to qualified institutions. Sinte Gleska College satisfies the legislative criterion for such construction and indeed possesses an immediate need for new facilities. Appropriations under Section 113. of P.L. 98-192 would supply enormous impetus to the long-range educational thrust of Sinte Gleska College on the Rosebud Reservation.

Statement of Need

Like many higher education institutions in the 1980's, Sinte Gleska College has assumed a conservative posture relative to the establishment of its annual operational budgets. Traditional funding sources, nearly all derived from a federal base, have been gradually reduced, eliminated or maintained at disproportionate levels during the last five years in comparison to total institutional need.

In light of these fiscal circumstances, Sinte Gleska College has initiated a series of measures to accommodate current budgetary constraints. Budget projections for FY'87 include no salary or cost-of-living increases although some personnel areas may receive slight salary augmentations. For example, in 1984-85, Sinte Gleska College was able to augment support staff salaries and in 1985-86 augmented faculty salaries. Nonetheless, salary ranges in all personnel areas remain low and there has been only one across-the-board raise for Sinte Gleska College employees in the last five years. A five percent across-the-board raise for 1986-87 would amount to $58,785.

Other operational expenses involving travel, equipment, training, revnoation and expansion costs are also subject to severe limitations. In arriving at this point of fiscal austerity Sinte Gleska College employees have fashioned cost-efficient programs featuring hard-working and dedicated individuals who are willing to make personal sacrifices to build Sinte Gleska College into a leader in the field of Indian Education.

In respect to revenue, short-term private and federal grants comprise 45.5% of the institutional budget at Sinte Gleska College. The majority of these grants are classified as "categorical" in that funds must be expended for explicit programmatic purposes and not basic operational expenses. Sinte Gleska College will lose six grants following the 1985-86 year and may lose its Title III Program following 1986-87. The latter grant has averaged approximately $308,000 per year within the past four years and encompasses 15 positions throughout the entire institutional spectrum at Sinte Gleska College.

In sum, Sinte Gleska college has strived to identify a wide array of funds in order to gain a constant annual fiscal base. There is no excess in our budget and even minor federal funding reductions will impose hardships on every facet of institutional program operations.

P.L. 98-192

P.L. 98-192, an act to amend and extend the Tribally-Controlled Community College Assistance Act of 1978 (P.L. 98-471), contains some provisions which, if properly implemented, will be beneficial to the funding and development of tribal colleges. The concept of forward funding, facilities construction and the establishment of endowments, all authorized by P.L. 98-192, are crucial to the future of Sinte Gleska College. At this time Sinte Gleska College wishes to reiterate its concerns regarding P.L. 98-192 and request Congressional consideration of the following areas.

Forward funding, common for most educational institutions receiving public dollars, will establish appropriation levels for a two-year period rather than the current one-year method and will enable Sinte Gleska College to better plan the offering of its educational programs. The major advantage of forward funding to Sinte Gleska College will be a knowledge of P.L. 98-192 fund availability and an enhanced management capability to define the need for additional institutional resources. Historically, the amount of P.L. 98-192 funds awarded to Sinte Gleska College is not known until after six to nine months into our ongoing fiscal year.

Of paramount concern to Sinte Gleska College is the level of appropriations for eligible tribally-controlled colleges under P.L. 98-192. The problem since the enactment of the law has been that funding was never appropriated at the authorized level of $4,000 per F.T.I.E. as provided in P.L. 95-471, nor has it ever been appropriated in accordance with P.L. 98-192 legislation. The pro rata amount has fluctuated between $2,400 and $3,100 and has been dictated more by Congressional appropriations than by actual student enrollments within an academic year.

For example, P.L. 98-192 is mandated to award $5,415 per full-time Indian student during FY'86. We have been informed that Sinte Gleska College should expect about $2,400 per student, minus any Gramm-Rudman decreases. Unfortunately, the prospects of securing $5,415 for the current year are nil because the Bureau of Indian Affairs has still not enacted the necessary P.L. 98-192 program guidelines.

In addition to basic operating funds, P.L. 98-192 is also authorized to appropriate monies for facilities construction for accredited tribal colleges and to approve grants for establishing endowment programs, both critical areas which would enable and enhance institutional development for Sinte Gleska College. Monies have never been appropriated for these programs nor has the Bureau of Indian Affairs initiated any steps for implementation. Here too, the lack of P.L. 98-192 guidelines deny essential opportunities for the Rosebud Sioux Tribe and Sinte Gleska College.

P.L. 93-638

Another example of unresolved institutional issues pertains to the matter of Snyder Act funding at Sinte Gleska College and the subsequent loss of $220,000 in annual operating monies and a total cumulative loss of $1,320,000 since FY'81. (Initial funding for Sinte Gleska College was awarded per the authority of P.L. 67-85, the Snyder Act of 1921. Sinte Gleska College eventually contracted these funds per P.L. 93-638.) In this case, the Bureau of Indian Affairs moved unilaterally and without tribal consent to remove Snyder Act funds from the tribally-banded budget--only to be restored at a much reduced funding level (FY'86, $136,500).

Sinte Gleska College has regularly sought a restoration of these Snyder Act funds to the original $358,300 level but not at the expense of annual tribal allocations. More recently, the Bureau of Indian Affairs has moved to eliminate contract support funding (indirect cost) in conjunction with Snyder Act funds - a decision which translates into an additional loss of $25,116 for Sinte Gleska College. As such, Sinte Gleska College would again request that Snyder Act monies be restored to a level of $358,300 and that the Bureau of Indian Affairs fully examine and clarify its treatment of indirect costs vis a vis P.L. 93-638 funding.

Sinte Gleska College also administers P.L. 93-638 programs in the Bureau of Indian Affairs Higher Education Scholarship and Adult Education areas. The former is accomplished through contracted agreements with the Rosebud Bureau of Indian Affairs Agency wherein 25%-28% of the total allocation is set aside to fund Sinte Gleska College students and is designed to directly assist those tribal members who choose to pursue their post-secondary aspirations while remaining at home on the Rosebud Reservation.

The average Bureau of Indian Affairs Higher Education grant award during the past eight years has ranged between $1,000 - $1,200 per student and serves to defray 60% of the financial need (after Pell Grant and Student contribution) for each Rosebud Agency student who is receiving such funds. And therein lies the problem--the B.I.A. Higher Education Scholarship monies have not increased to meet the growing student poplation at Sinte Gleska College as more students display the need and eligibility for financial assistance. To illustrate this point, in the 1986 Spring Semester, 65 Rosebud Agency students are receiving B.I.A. Higher Education Scholarship funds and as many as 180-200 students are left with no funding.

A similar problem for Sinte Gleska College graduates will occur starting in FY'87 due to the elimination of the B.I.A. Special Higher Education Program in the amount of $1,939,000. As administered by American Indian Scholarship, Inc., this program funds approximately 200 graduate students per year and in 1984-85 awarded grants to four Sinte Gleska College alumni and one former Sinte Gleska College employee. Sinte Gleska College supports the restoration of the B.I.A. Special Higher Education Program so that we can continue to look forward to advanced educational training for future Indian professionals and leaders who can serve the interests of the Rosebud Sioux Tribe.

The B.I.A. Adult Education program at Sinte Gleska College is also confronted with diminishing funds which have significantly reduced the level of services and opportunities for local recipients. In 1985-86, the Sinte Gleska College Adult Basic Education Department no longer offers community education classes and has restricted tutoring and testing activities to five main communities, instead of reservation-wide programs. This limited scope has resulted in a decrease in the number of annual G.E.D. graduates, which in turn, can be attributed to the shortage of tutors and the absence of test administration in each community. In FY'86, Sinte Gleska College will expend about $12,000, from other sources, to maintain the B.I.A. Adult Education program at a minimal level.

In closing, Sinte Gleska College asks that our aforementioned concerns be noted in the FY'87 appropriations process and that our recommendations with respect to P.L. 98-192 and P.L. 93-638 be given consideration before any final funding decisions are made by Congress. Thank you.

THREE AFFILIATED TRIBES
Testimony to the Senate Select Committee on Indian Affairs Oversight Hearing

February 18, 1986

My name is Alyce Spotted Bear. I am Tribal Chairman of the Three Affiliated Tribes located on the Fort Berthold Indian Reservation located in North Dakota. I am testifying in regard to the 1987 budget problems related to three areas of services delivery on our reservation: the Bureau of Indian Affairs; the Tribal Programs; and the Indian Health Service Unit.

Part I

THE BUREAU OF INDIAN AFFAIRS

The BIA is the federal agency whereby Indian reservations and their members are served. The services provided by the BIA cover all areas of social, educational and economic needs on the reservation. This funding is based on treaty rights and the special trust relationship which exists between Indian tribes and the U.S. government. Federal reservations receive little or no funding from the State such as cities and townships receive. For example, to maintain the many and complex land records, the BIA employs a realty staff. The Bureau budget provides salary costs for this staff. Budget cuts would mean a reduction in employees which we cannot afford. The local agency will lose about one-third of the realty staff it presently has and would thus be unable to meet the trust responsibility required of their office.

In 1982 the Three Affiliated Tribes' Tribal Business Council requested a federal audit of the BIA Realty program. The agents of the Inspector General's Office determined that the local agency was seriously remiss in carrying out their realty responsibilities for the Tribes. The backlog of work to be accomplished was such that literally thousands and thousands of dollars that should have been paid out to individual allottees many years ago were sitting unprocessed in special accounts.

There are currently over 700 land transactions between the Tribe and its members and between tribal members and others waiting to be processed. Thus we are quite certain that the Bureau can ill afford any cuts in their already skeletal budget.

Part II

THE TRIBAL PROGRAMS

During the 93rd Congress, the Indian Self-Determination law was passed. The Three Affiliated Tribes have successfully implemented many provisions of this law and have contracted a number of BIA programs. Budget reductions would seriously retard the progress of the goals of P.L. 93-638, forcing the tribes to retrocede the BIA programs. Indian reservation budgets have no "fat" to trim - perhaps other federal agencies have this margin.

In an effort to take on some of the responsibility for the realty functions on the reservation, the Tribe contracted via 638 to handle the leasing of lands owned by the Tribe. The Tribe needs adequate funds to carry out their newly acquired responsibilities.

BIA officials and other personnel are very much aware of how much the Tribes' initiative in the realty area has alleviated the pressure on agency personnel to perform their work.

The Three Affiliated Tribes' Fish, Game and Recreation Division receives its funding through a 638 contract from the Bureau of Indian Affairs. The Fort Berthold Indian Reservation contains nearly one million acres,and in the last three years the division's staff has been cut from one biologist, one warden supervisor, five wardens and a secretary/clerk down to one biologist and one game warden. These cuts have taken place at the same time the public is demanding access to and more control and management of the fish, wildlife and recreation resources on reservations.

The Division is responsible for the enforcement of the tribal game and fish code, the performance of wildlife census and management techniques, and recreation development. The tribal game and fish division also provides the only search and rescue boat on Lake Sakakawea within the reservation which includes about a 50-mile stretch of water.

The 1986 total 638 direct budget for the Fish, Game and Recreation Division is $61,200.00, of which the division only receives 75% from the BIA until late July or August of the fiscal year when the division usually receives the other 25% of its allocation. This funding allows only the basic maintenance of the wildlife census and wildlife management areas established. This leaves the division little, if any, funds available for recreational development which is in greater demand by the public on and off the reservation. The Tribe does not receive any funds for recreation development from the BIA or from the National Park Service. All the funds available from the National Park Service are allocated to the States by law, and the Tribe's recreation proposals have to compete with all recreation proposals statewide to get funded.

The Fish, Game and Recreation Division also has been unsuccessful in securing funding for fisheries management and development from the BIA or the U.S. Fish and Wildlife Service even though 150,000 acres of Lake Sakakawea are within the reservation. The Lake Sakakawea fishery is declining because of a lack of hatchery facilities and the increasing fishing pressure on the Lake.

As anyone can see, if the Fish, Game and Recreation Division's 638 contract funds are cut any more, the Division will cease to exist.

The Tribe's health programs are discussed under Part III of this testimony.

Part III

THE INDIAN HEALTH SERVICE

The Mandan, Hidatsa and Arikara Tribes live on the Fort Berthold Reservation in west central North Dakota. The reservation is located within six counties: Mountrail, McLean, Dunn, McKenzie, Mercer and Ward, and is divided into five segments. This division of the reservation was necessitated by the construction of the Garrison Dam in the 1950's. There is only one bridge connecting the reservation at the northwest edge of the reservation. (Appendices A, A1)

These Three Affiliated Tribes currently receive fragmented services from the Indian Health Service Ambulatory Care and Contract Health Program. Further budget reductions to the IHS Service Unit will have a devastating effect on our tribal members. In order that you understand these effects I will review illness data, the curret IHS budget for Fort Berthold as it relates to the Aberdeen Area and, in the process, identify how inadequate the resources are and have been to meet the illness care and health maintenance needs of our tribal members. Further budget reductions will further reduce the services available.

Before reviewing illness data and the effects of reduced funds to provide health maintenance and illness care, it is important that you understand the setting in which this care is provided. Services to our tribal members are fragmented because the reservation is divided by a large body of water comprising some 612 miles of shoreline within reservation boundaries. There is no hospital on the reservation. Thus, tribal members are forced to commute for illness care and obstetrics services which are distantly available between 35 and 150 miles from the reservation. The population of Fort Berthold according to IHS is 3,587. This small population is widely dispersed throughout the reservation which adds to the difficulty of providing illness care which is cost effective. It is even more difficult to provide continuity and coordination of care between IHS personnel and the seven hospitals used most frequently, which are located in Watford City, Williston, Stanley, Minot, Garrison, Beulah, and Dickinson.

Diabetes: The Fort Berthold age adjusted* death rates for Diabetes is 123.8 per 100,000 population. A comparison of death rates in 1981-83 is as follows:

	Deaths per 100,000 Population
Fort Berthold	123.8
Aberdeen Area	51.3
American Indian	19.9
All Races	9.6

Fort Berthold has the highest diabetes death rate in the Aberdeen Area (Appendix B).

Alcoholism: The Fort Berthold Age Adjusted death rate for Alcoholism is 200.6 per 100,000 population. A comparison of the death rates for 1981-83 is as follows:

	Deaths per 100,000 Population
Fort Berthold	200.6
Aberdeen Area	67.6
American Indian	35.8
All Races	6.4

Fort Berthold has the highest alcoholism death rate in the Aberdeen Area (Appendix C).

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*/ The number of deaths in a specific age group and from a specific cause divided by the total resident population in the specific age group, times 100,000.

Cardiovascular Disease: Cardiovascular Disease death rates on Fort Berthold 1981-83 were 371 per 100,000 population. A comparison with other population groups is as follows:

	Deaths per 100,000 Population
Fort Berthold	371.0
Aberdeen Area	351.3
American Indian	171.2
All Races	238.3

Fort Berthold's death rate for Cariovascular Disease is higher than that of the Aberdeen Area, American Indians as a whole, and all U.S. races (Appendix D).

Accidents: Fort Berthold's age adjusted death rate for 1981-83 was 108.1 per 100,000 population. A comparison of the accident death rates is as follows:

	Deaths per 100,000 Population
Fort Berthold	108.1
Aberdeen Area	159.9
American Indian	93.3
U.S. All Races	36.6

Although Fort Berthold's accident death rate is lower than the Aberdeen Area, the rate is much higher than U.S. All Races (Appendix E).

Motor Vehicle Accidents:

	Deaths per 100,000 Population
Fort Berthold	65.0
Aberdeen Area	87.0
American Indian	49.1
U.S. All Races	19.3

Clearly Fort Berthold has a higher rate of deaths due to motor vehicle accidents than American Indians and U.S. All Races (Appendix F).

Suicide: Although the suicide death rate may seem low for Fort Berthold (12.2 per 100,000 population), one suspects that the high death rate for motor vehicle accidents may actually be attributable to suicide (Appendix G).

Infant Mortality: In a memo dated August 26, 1985, Aaron Hadler, Chief, Vital Events Staff of Indian Health Services, expresses concern about the high infant mortality rates in the Aberdeen Area. He suggests a further study to determine if the lack of hospital obstetric facilities contributed to this high infant mortality rate.

According to the data presented by Hadler's worksheet, infant deaths per 100,000 population were fewer in Service Units with hospitals and higher for Service Units without hospitals or hospitals without OB services.

	Infant Deaths per 1,000
IHS total	13.3
Fort Berthold	32.8
Aberdeen Area	21.7

(Appendix H)

The aforementioned are only the death rates for some diseases/conditions among the highest in the nation. There are also problems related to the delivery of health services:

1. The increasing number of people requiring kidney dialysis.

There are currently about 12 people who are now receiving kidney dialysis or will require dialysis in the near future. Kidney dialysis services are available in Minot and Bismarck. Our clients must travel up to 140 miles one way to receive dialysis. This treatment is terribly exhausting to people. Coupled with North Dakota weather conditions, which make travel long and hazardous, the three-hour trip by car one way is not only a costly service but also debilitating for the affected individuals.

The CHR program has limited staff and travel allowances now, which make meeting dialysis client needs very difficult. The IHS Service Unit, unlike other Service Units in the Aberdeen Area, does not have the budget to hire drivers or to afford the necessary costs to transport those patients.

2. The limited resources to provide transportation.

Transportation services, as stated above, are very limited at Fort Berthold. The CHR program can expend its current monthly allowance quickly if it just provides transportation for dialysis patients. Emergency transportation for critically ill patients to hospitals off the reservation is difficult to provide. Ambulances are used only when required and are not available in each community; therefore, a wait of at least 45 minutes is usual when an ambulance is called. Clients who have appointments for diagnostic tests in Minot or Williston sometimes are unable to keep appointments because they lack transportation, and the CHR's are not available. Our Service Unit, as stated before, is not funded to provide drivers or transportation costs to meet these critical transportation needs. Other Service Units in the Aberdeen Area have sufficient funds to employ drivers and absorb transportation costs to meet needs for their patients. This problem will become more acute as our unemployment rate increases.

3. The needs of immuno-suppressed tribal members.

There are also about 12 individuals whose immune systems are immuno-suppressed to prevent rejection of a kidney transplant or because of treatment for a severe condition (e.g. asthma). Because these individuals receive corticosteroids and other agents, they have an impaired resistance to viral and bacterial infections.

Consequently, the cost of caring for these individuals is enormous because they require frequent hospitalizations and costly prescription drugs which are not stocked in our pharmacy.

BUDGET

The three areas of the budget included in this statement are: 1) Hospitals and Clinics, 2) Contract Health Service, 3) Tribal Health. However, there are also needs in the areas of Community Health (Community Health Nursing, Sanitation, Dental, Social Services, Mental Health, and Health Education), relative to our meeting the requirements of the Joint Commission on Accreditation and other agencies. Although we place emphasis on the needs for care of our tribal members with chronic conditions, medical problems related to alcoholism and obstetric services are our priority along with the need for adequate health maintenance services.

1. Hospitals and Clinics.

The Hospitals and Clinics budget is being steadily decreased. A comparison of the Omaha Tribe budget with the Fort Berthold budget clearly illustrates the inequities which exist as further budget cuts are contemplated. 1984 was the last year of a report of "allocation of resources per capita" that was provided by IHS, Aberdeen Area. In FY 1984 Fort Berthold receiv d the lowest per capita allocation for hospitals and clinics funds in the Aberdeen Area. This trend continues today. Macy, Nebraska received the highest allocation. Fort Berthold received $737,146 to operate the ambulatory clinics (population 3,323), while Macy, Nebraska (population 1,662) received $1,889,713. Fort Berthold's per capita allowance was $208, while Macy, Nebraska received $1072 per capita to operate their facility. According to the IHS Report of outpatient visits for Macy, Nebraska and Fort Berthold, the number of visits was about the same. The comparison is as follows:

	Pop.	O.P. Units	Per Cap. Allow.	FY 84 Budget
Fort Berthold, ND	3323	17854	$208	$ 737,146
Macy, NE (Omaha)	1662	17957	$1072	$1,889,713

The FY 85 allowance is proportionately the same.

The average Hospitals and Clinics per capita allowance for the Aberdeen area was $409.50, All IHS was $445.62, Phoenix Area was $521.91. Aberdeen Area receives the lowest allocation, and Phoenix Area receives the highest allocation in Indian Health Service. (Alaska's allocation is actually the highest; however, cost of living may account for some of that increased allocation.) Fort Berthold receives the lowest allocation per capita in the Aberdeen Area. Although the Aberdeen Area has the lowest staffing of primary care personnel (269), this staff delivers the most visits per provider (3237) within the Indian Health Service. The Aberdeen Area also has the highest utilization rate for ambulatory services within the Indian Health Service.

Fort Berthold's Hospitals and Clinics budget history is as follows:

FY '84	$737,146
FY '85	628,129
FY '86	620,700

There is a need to reallocate financial resources equitably to: 1) Indian Health Service Areas (nationally), and 2) local Indian Health Service Units within the Aberdeen Area. The Tribal Business Council of the Three Affiliated Tribes requests that funds be allocated to all tribes on a reasonable formula which takes into account incidence of disease, available care on the reservation, Contract Health Service allocations, travel distances required to receive and deliver illness care, and health maintenance services.

The Service Unit at Fort Berthold is small, and therefore each reduction in the budget drastically affects the ability of the Service Unit to purchase drug, medical, and laboratory consumable supplies. Therefore, a 10% budget reduction actually means a 25-30% reduction in funds available to purchase drugs and other medical supplies. Most of the Service Unit budget is applied to costs which cannot be reduced, such as fuel costs, rent, electricity, garbage disposal and water, as well as personnel salaries.

2. Contract Health Service.

The Aberdeen Area of IHS allocates its Contract Health Service funds in a manner that gives the South Dakota tribes additional services which are purchased with CHS funds. The system of allocating CHS funds in the Aberdeen Area is to first allocate funds for contracts which are primarily for South Dakota tribes. In the proposed FY '86 budget the following contracts, as well as other contracts, are obligated from Aberdeen Area CHS funds:

U SD - OB GYN	$ 425,000
UND - Surgery	198,000
Mental Health	800,000
Dakota Clinic	1,800,000
Total	$3,223,000

These contracts do not benefit the Three Affiliated Tribes; therefore, it becomes clear that the South Dakota tribes are given preference and priority.

The remaining funds are allocated then to all tribes on a formula ignoring the additional services available primarily in South Dakota. Fort Berthold's need for CHS funds far exceeds what has been made available. The CHS allowance for Fort Berthold has been inadequate in the past. If inequities are to be corrected so that Fort Berthold can improve its services in obstetrics, gynecology, diabetic care, alcoholism treatment, etc., additional funds are desperately needed to purchase consultant services in these areas.

Although the Area Office is now providing specialists in the field (two quality assurance physicians in South Dakota), it is unlikely and impractical to place such personnel at this Service Unit; however, CHS funds could assist us to bring specialists who practice in Minot and Williston to the Service Unit to provide speciality clinics and also provide staff inservice education to the clinic.

3. Tribal Health Master Contract - Three Affiliated Tribes

The Tribe administers the following IHS 638 contracts:

- CHR
- Physician Extender
- Housekeeping
- Alcoholism

Because of the wide dispersion of the population on Fort Berthold the current proposed budget cuts will severely limit the services the Tribe will provide.

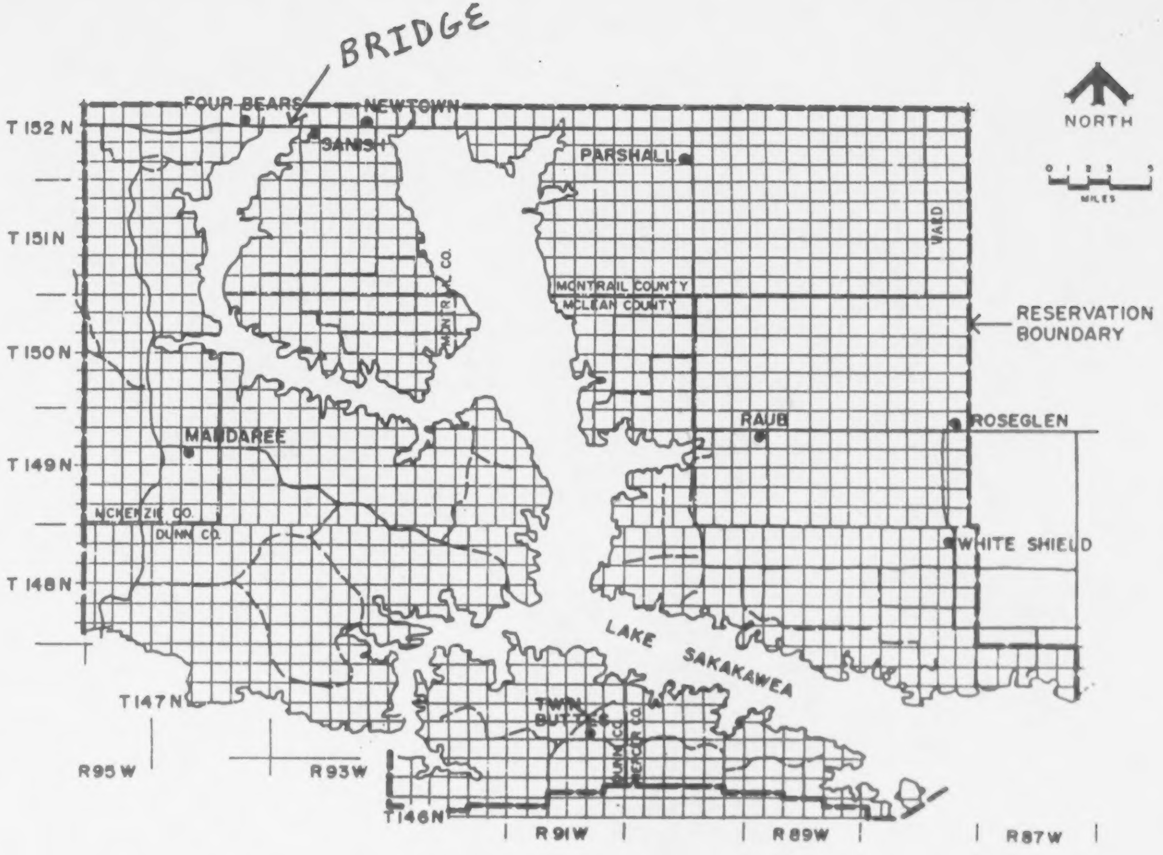
It appears that if the CHR budget is reduced by 12% those services will be available only three or four days a week. This program is critical to our reservation.

The Physician Extender Program, which staffs two field clinics, Mandaree and White Shield, does not presently include funds for telephone and travel. The Physician's Assistants need to travel to New Town to participate in the continuing education offered at the Service Unit and in activities which will enable the Service Unit to become accredited.

The Alcoholism program provides counseling services in the New Town area. The staff is currently exploring the development of a halfway house.

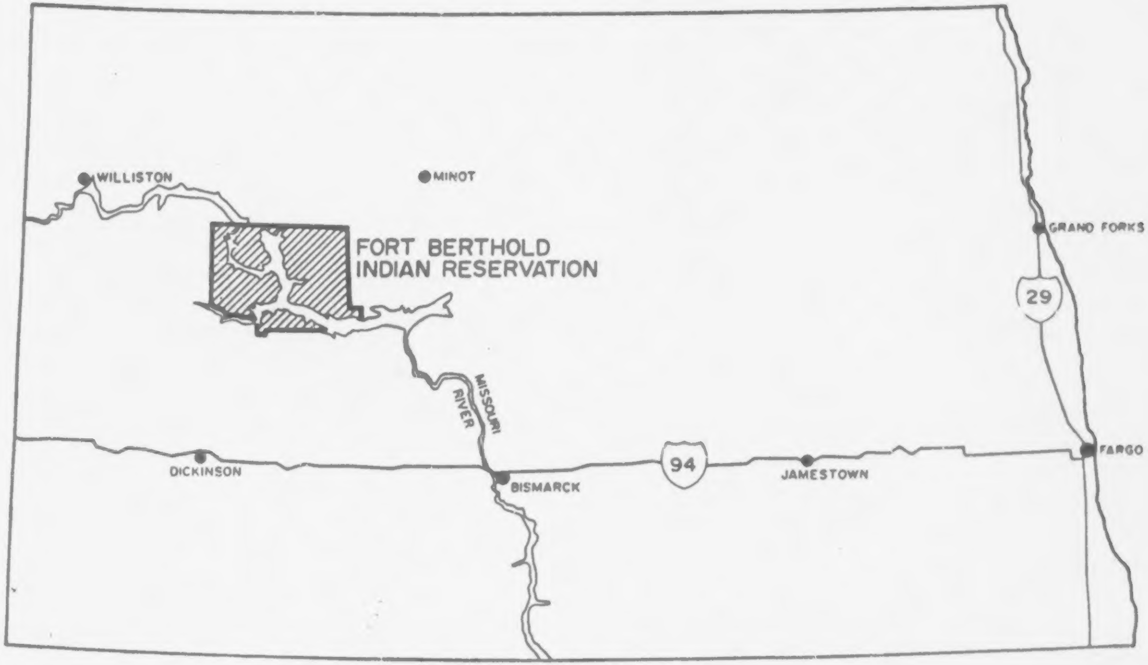
The Tribal programs are now funded at a level which is so woefully inadequate that any reduction in these budgets will drastically affect our ability to deliver services.

Appendix A


BRIDGE
NORTH
0 1 2 3 5
MILES
RESERVATION BOUNDARY
FOUR BEARS
NEWTOWN
SANISH
PARSHALL
WARD
MONTRAIL CO.
MONTRAIL COUNTY
McLEAN COUNTY
RAUB
ROSEGLEN
WHITE SHIELD
MANDAREE
McKENZIE CO.
DUNN CO.
LAKE SAKAKAWEA
TWIN BUTTES
DUNN CO.
MERCER CO.
T 152 N
T 151 N
T 150 N
T 149 N
T 148 N
T 147 N
T 146 N
R 95 W
R 93 W
R 91 W
R 89 W
R 87 W

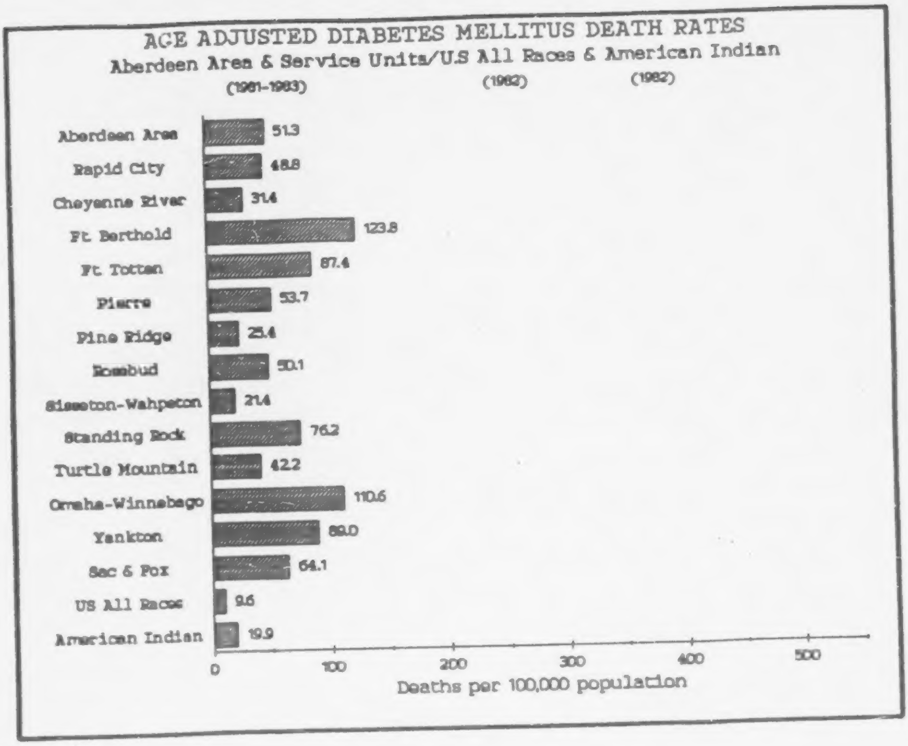
FORT BERTHOLD RESERVATION

Appendix A I


WILLISTON
MINOT
FORT BERTHOLD
INDIAN RESERVATION
GRAND FORKS
29
MISSOURI
RIVER
DICKINSON
BISMARCK
94
JAMESTOWN
FARGO

NORTH DAKOTA REGION MAP

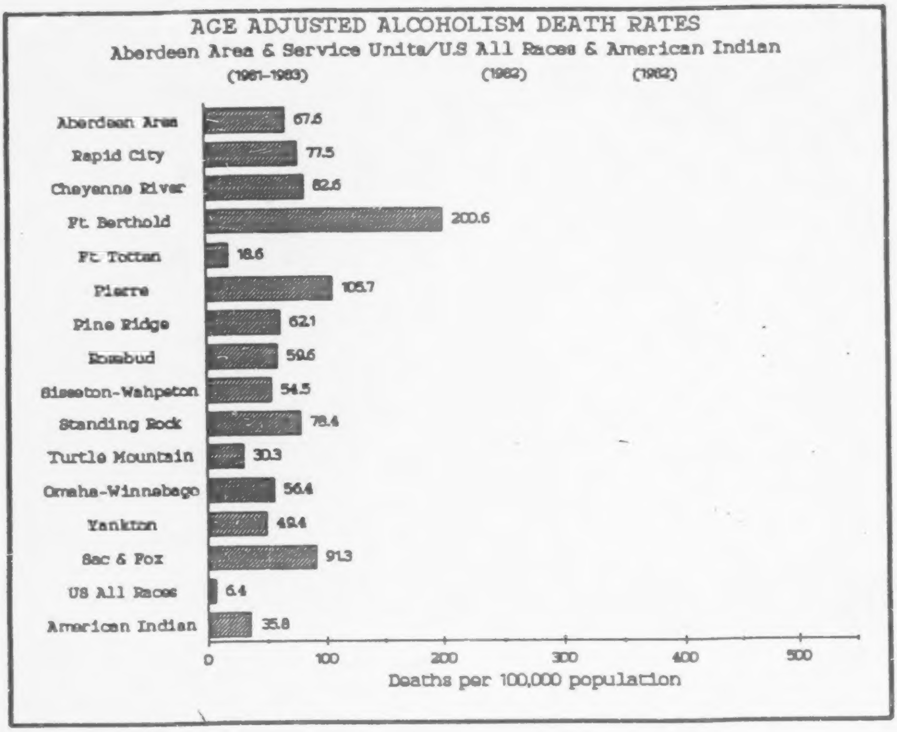
SCALE: 0 5 10 20 50 MILES



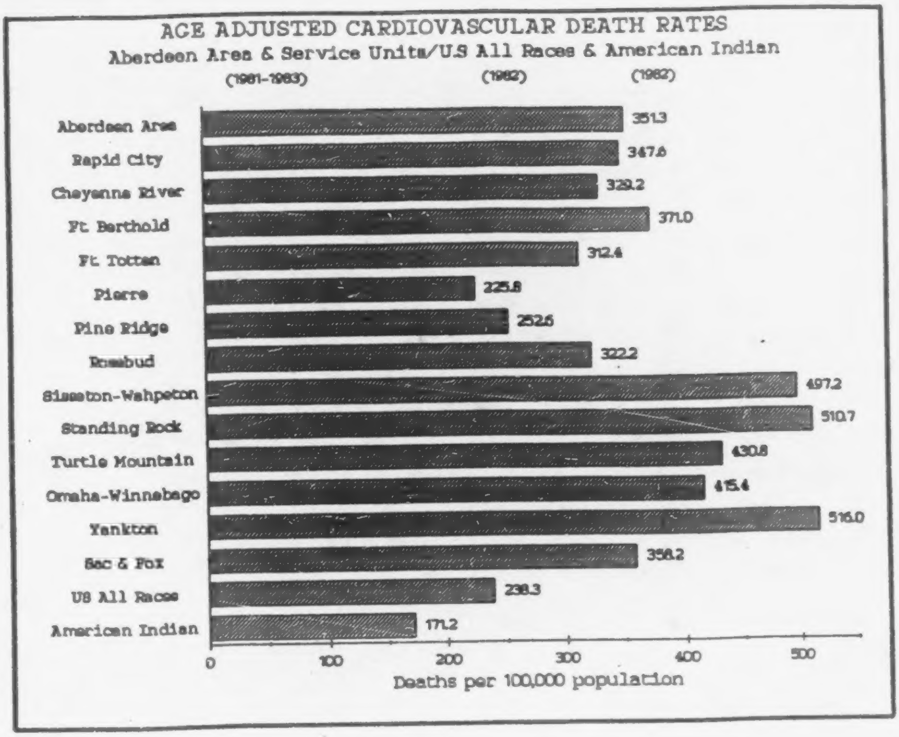
AGE ADJUSTED DIABETES MELLITUS DEATH RATES

Aberdeen Area & Service Units/U.S All Races & American Indian

Appendix C


AGE ADJUSTED ALCOHOLISM DEATH RATES
Aberdeen Area & Service Units/U.S All Races & American Indian
(1981-1983)
(1982)
(1982)
Aberdeen Area 67.6
Rapid City 77.5
Cheyenne River 82.6
Ft. Berthold 200.6
Ft. Totten 18.6
Pierre 105.7
Pine Ridge 62.1
Rosebud 59.6
Sisseton-Wahpeton 54.5
Standing Rock 78.4
Turtle Mountain 30.3
Omaha-Winnebago 56.4
Yankton 49.4
Sac & Fox 91.3
US All Races 6.4
American Indian 35.8
0
100
200
300
400
500
Deaths per 100,000 population

Appendix D

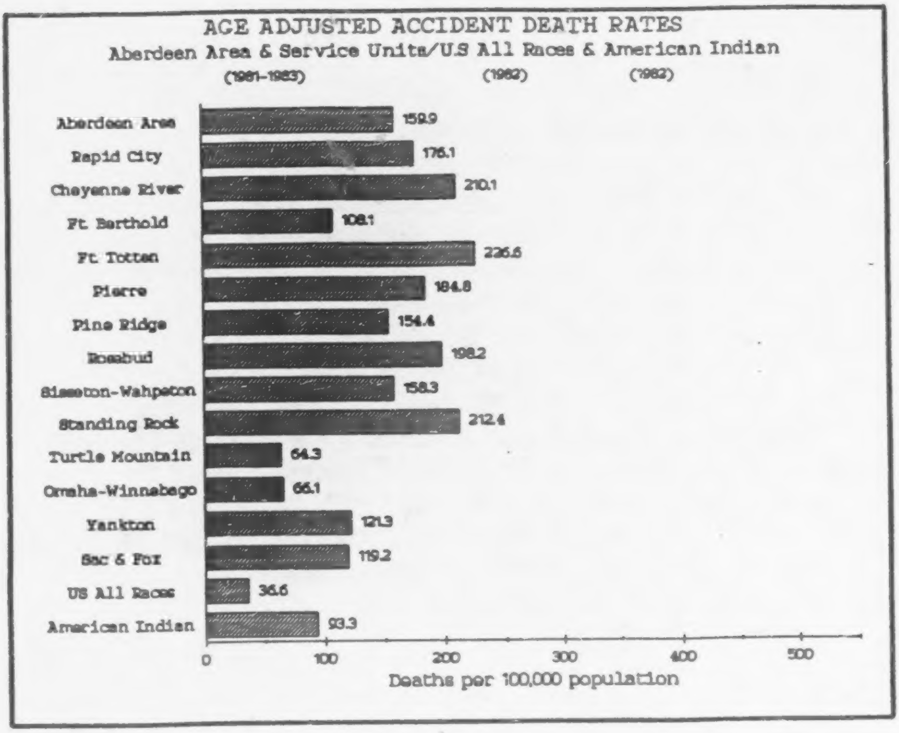


AGE ADJUSTED CARDIOVASCULAR DEATH RATES

Aberdeen Area & Service Units/U.S All Races & American Indian

(1981-1983) (1982) (1982)

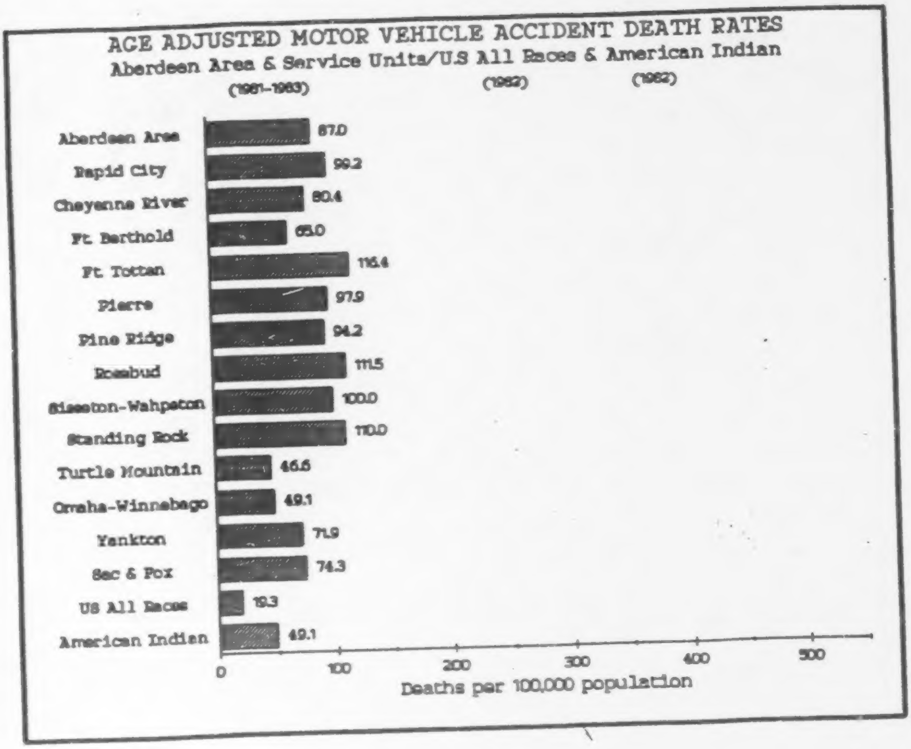
appendix E


AGE ADJUSTED ACCIDENT DEATH RATES

Aberdeen Area & Service Units/U.S All Races & American Indian

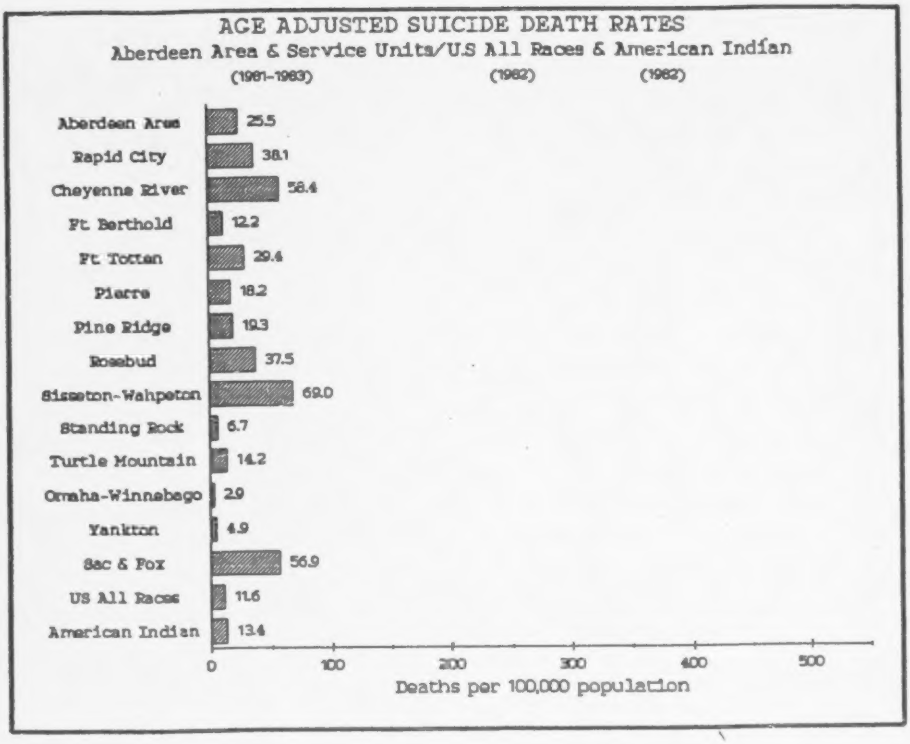
(1981-1983) (1982) (1982)

appendix F



AGE ADJUSTED MOTOR VEHICLE ACCIDENT DEATH RATES
Aberdeen Area & Service Units/U.S All Races & American Indian

Appendix G



AGE ADJUSTED SUICIDE DEATH RATES

Aberdeen Area & Service Units/U.S All Races & American Indian

(1981-1983) (1982) (1982)

Appendix IC
p. 1

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Memorandum

RECEI
AUG 30 1985
HEALTH SYSTEMS PLANNING
AND STATISTICAL ANALYSIS

Date AUG 26 1985

From Chief, Vital Vital Events Staff

Subject American Indian and Alaskan Native Infant Mortality Rates for Service Units With and Without O.B. Units, 1980-1982

To IHS Statistical Officers

I was recently requested to assemble data regarding the subject referenced above. Copies of two tables prepared to meet this request are attached. At the Area/Program Office levels significant differences were obtained for three Area Offices: Aberdeen (significant at 99% level), Phoenix (significant at 88% level), and Oklahoma (siginificant at 85% level). Since traditionally significance of difference tests are performed at the 90% level and above, the differences observed for the Aberdeen Area are truly significant.

Area/Program Office statisticians may wish to persue this analysis further to see whether changes in infant mortality rates at the service unit levels have changed with the closing of O.B. Units (3-5 years before and 3-5 years after closing if possible).

Aaron Handler
Aaron Handler

Attachments (3)

Appendix H
p. 2

INFANT MORTALITY RATES BY IHS AREA / PROGRAM OFFICE FOR SERVICE UNITS WITH AND WITHOUT DIRECT OB UNITS, 1980-1982

PHS-2012

STATISTICAL WORKSHEET

	BIRTHS	INFANT DEATHS	SURVIVING INFANTS	INFANT MORTALITY RATE	
IHS					
W OB	42,827	556	42,271	13.0	
WO OB	36,003	489	35,514	13.6	
TOTAL	78,830	1045	77,785	13.3	
ABERDEEN					
W OB	5258	99	5159	18.8	SIGNIFICANTLY
WO OB	2212	63	2149	285	DIFFERENT
TOTAL	7470	162	7308	21.7	(99% level)
BEMIDJI					
W OB	349	5	344	14.3	
WO OB	3739	41	3698	11.0	
TOTAL	4088	46	4042	11.3	
ALBUQUERQUE					
W OB	1770	17	1753	9.6	
WO OB	2143	21	2122	9.8	
TOTAL	3913	38	3875	9.7	
ALASKA					
W OB	5124	87	5037	17.0	
WO OB	1762	32	1730	18.2	
TOTAL	6886	119	6767	17.3	
BILLINGS					
W OB	1766	23	1743	13.0	
NO OB	2446	36	2410	14.7	
TOTAL	4212	59	4153	14.0	
OKLAHOMA					
W OB	11,142	92	11,050	8.3	SIGNIFICANTLY.
WO OB	4512	48	4,464	10.6	DIFFERENT
TOTAL	15,654	140	15,514	8.9	(85% level)
NASHVILLE					
W OB	455	6	449	13.2	
WO OB	1557	24	1533	15.4	
TOTAL	2012	30	1982	14.9	
PHOENIX					
W OB	4228	60	4,168	14.2	SIGNIFICANTLY
WO OB	3664	37	3,627	10.1	DIFFERENT
TOTAL	7892	97	7,795	12.3	(88% level)
CALIFORNIA					
W OB	—	—	—	—	
NO OB	3,774	24	3750	6.4	
TOTAL	3,774	24	3750	6.4	
PORTLAND					
W OB	—	—	—	—	
NO OB	6401	108	6,293	16.9	
TOTAL	6401	108	6,293	16.9	
NAVAJO					
WOB	12,733	167	12,566	13.1	
WO OB	2,310	26	2,284	11.3	
TOTAL	15,043	193	14,850	[illegible]	

H1

PHS-2012
STATISTICAL WORKSHEET

INFANT MORTALITY RATES BY
IHS AREA/PROGRAM OFFICE AND SERVICE
UNIT, 1980-1982

Appendix H
P.3

Insert [illegible] from [illegible] page

▨ = Service Unit with DIRECT OB UNIT

	Births	Infant Deaths	Rate (per 1,000)
IHS TOTAL	78,830	1045	13.3
TUCSON	1485	29	19.5
SELLS	1,485	29	19.5
ABERDEEN	7470	162	21.7
RAPID CITY	531	15	28.2
[illegible] RIVER	588	8	13.6
FT. BERTHOLD	366	12	32.8
FT. TOTTEN	375	11	29.3
PIERRE	412	12	29.1
[illegible] RIDGE	[illegible]	34	23.8
ROSEBUD	[illegible]	19	[illegible]
SISSETON-[illegible]	[illegible]	6	[illegible]
STANDING ROCK	630	13	20.6
TURTLE MOUNTAIN	[illegible]	10	[illegible]
OMAHA-WINNEB	472	12	25.4
YANKTON	265	9	34.0
SAC & FOX	56	1	17.9
BEMIDJI	4088	46	11.3
CENTRAL WISC	980	14	14.3
EASTERN MICH	481	2	4.2
FOND DU LAC	222	3	13.5
GRAND PORTAGE	20	1	50.0
GREATER LEECH LK	638	5	7.8
LAC COURTE OREI	396	4	10.1
LAC DU FLAMBEAU	181	3	16.6
MILLE LACS	114	1	8.8
MINN SIOUX	64	—	—
NETT LAKE	120	1	8.3
RED LAKE	349	5	14.3
WESTERN MICH	98	3	30.6
WHITE EARTH	425	4	9.4

UNITED SIOUX TRIBES OF SOUTH DAKOTA

Development Corporation

P.O. Box 1193, Pierre, S.D. 57501

Executive Director	
Personnel Management	224-8861
Employment Program	224-8862
Employment Program	224-8863
Land Management	224-8860
Business Office	224-8864
CETA	224-8865

- Standing Rock
- Lower Brule
- Devils Lake
- Flandreau
- Rosebud
- Santee
- Crow Creek
- Pine Ridge
- Cheyenne
- Sisseton
- Yankton

Field Offices

Aberdeen	225-9513
Rapid City	343-1100
Sioux Falls	339-0248

TESTIMONY TO
SENATE SELECT COMMITTEE
ON INDIAN AFFAIRS

February 18, 1986

Submitted By:

Aberdeen Area Tribal Chairmen's Association

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

I, Charlie Murphy, Chairman of the Aberdeen Area Tribal Chairmen, am delegated to testify before the Senate Select Committee on several topics affecting the fifteen (15) tribes in the Aberdeen Area that we would like to present to the committee.

The last time we had an empathetic ear in the administration was under Richard Nixon. Tribes have been adapting and surviving, trying to stay flexible to meet the budget cuts and indifference reflected by the various administrations.

Tribes have been attempting to develop their economies in many different forms: Bingo, horse racing and lotteries are a few. We've been trying to seek the administration's approval and guidance on economic development projects, but are now experiencing severe budget cuts. Cutting the tribal budget is a form of motivation, but a negative one.

A perspective must be drawn on the progress that tribal governments have achieved over the last twenty years. Tribes haven't been in the business of operating programs or operating as a government for very long, compared to federal and state governments, and the expectations are too high. In no way should we be placed in the same category as municipal governments. We came from a buffalo economy to a federal form of government.

Reservations historically have had little private sector involvement. Reservations weren't designed for that reason. The Office of Economic Opportunity was a building block for tribes' service programs and it provided training for the administration of these programs. The achievement level in service programs increased as a result of this type of project. The tribal economy parallels western states' economies who also rely on federal dollars, but tribes do not have a tax based economy as state and municipal governments do. In the past, our ancestors were self-sufficient, dependent on no one except themselves.

Over the years, tribes have developed various economic development plans. These could have been the groundwork for future tribal development. Unfortunately, due to the indifference of the various administrations, little or no action and follow-up occurred. Tribes have been ready since the middle seventies to move forward on these economic development plans, but find themselves constantly reacting to budget cuts in services for their people, leaving them little time or money for implementation or follow-up of these plans. We are constantly kept off balance and find little direction or concrete support from the administration.

Public Law 93-638 was designed to make programs under Indian Health Service and the Bureau of Indian Affairs more accessible to tribes through contracting, whereas under Buy-Indian Contracting, there had to be competitive bidding. Public Law 93-638 was intended to aid tribes in becoming more independent and self-sufficient, but federal programs cannot make a tribe economically self-sufficient, especially in light of the budget cuts that have been occurring and with the Gramm-Rudman Deficit Reduction Act. Indirect cost was originally a line item in the budget which was added to these contracts so the tribe could administer programs. Now, this line item has been deleted and there has been no future financial consideration which is presently destroying not only tribal government administration, but has affected direct services as well.

Tribes have been assured over and over again in the last ten years that trimming the fat would not affect the tribal level as much as the administrative level. The facts will reveal that the most severe cuts were passed down to the reservation.

ECONOMIC GROWTH OF TRIBES

In the past, there have been several economic development efforts through legislation to attract industry to reservations. This partnership was never fully developed because the government emphasis was on contracting federal programs. The tribes believed they were planning for the future, and in reality, they were assuming federal government's responsibilities through contracts.

In order for the tribes to gain some ground and momentum, the tribal government needs to design a new plan for federal agencies demanding that certain projects and services be funded for the Indian people as these services are provided under treaties and agreements with Congress. Congress must demand that the administration carry out their trust responsibilities to tribes without destroying any tribal efforts.

The administration, by their actions or lack of it, has totally neglected the tribal government. There has not been a true carryout of government to government relationship. In Indian country, we have seen no government to government relationship on any level. Tribal governments have been treated shabbily and shamefully as if they didn't exist. The Bureau of Indian Affairs has not offered any kind of plan with any substance to bring about economic recovery.

There has been a historical fiduciary relationship between the Bureau of Indian Affairs and tribes since the late 1800's. It has not been carried out effectively. The Bureau of Indian Affairs has the responsibility to carry out this special trust on behalf of Indian people and employs a great number of personnel in doing so. They have done an adequate job at maintaining historical information, but as any federal agency, take their direction from the administration, who currently has an attitude of indifference.

When you look at these contributing factors: Young governments, the push toward contracting federal responsibility, unending budget cuts, and little direction or support from the administration, it is understandable that tribes across the country are in crisis.

BUREAU OF INDIAN AFFAIRS

In recent years, tribes in the Aberdeen Area have continuously experienced severe budget cuts. We have found that the tribal agency level receives the largest cut in services and takes the overall larger proportion of these cuts. Though 30% of the B.I.A. budget is at the tribal level, this needs to be increased, and their reimbursement system needs to be more expedient. There are cases in FY'86 where the tribe/Indian organization has waited for four months for reimbursement that normally should take 4-8 weeks. This puts an undue and unnecessary load on tribal administration. Commercial lending institutions hesitate to extend additional credit to tribal governments to meet expenses and payroll. These same lending institutions are very aware of what is happening to agriculture and assume a similar situation will occur with tribal governments who also rely on the same federal dollar.

We are requesting that the B.I.A. be exempt from the Gramm-Rudman Deficit Reduction Act because of the trust relationship with Congress based on treaties which are the law of the land. The current administration has not followed through on trust responsibility though they have claimed government to government relationships. Tribes want more contract involvement, but as of FY'86, the deletion of the contract support line item in the B.I.A. and I.H.S., programs have suffered this offset of their indirect cost by taking it from the direct services. In reality, contracts have suffered 20% and more of a budget cut before the implementation of Gramm-Rudman.

DIRECT EMPLOYMENT PROGRAM

In 1984 and 1985, the Direct Employment Program experienced delays and confusion originating from the B.I.A. This year, it was more of the same, only worse. Due to the delays and lack of action by the B.I.A. for four months, staff members had to be laid off because of the uncertainty of funding. During this four month period, we were quoted four different figures and issued a contract modification for $14,000, contrary to B.I.A. policies of issuing a memorandum to operate at 75% of the previous fiscal year. In FY'85, this program met it's contract requirements and exceeded them. It became very evident that the Area Office operated independently of Central Office which helped make this situation unclear. South Dakota has the two lowest per capita income counties in the nation (Shannon and Buffalo), both which contain reservations. The unemployment rate runs from 40%-90%. Even the State Job Service conservatively estimates Indian unemployment at five times the rate of non-Indians. Assisting Indian people who choose to leave the reservation for employment, is still a vital service in South Dakota. We request that the United Sioux Tribes Direct Employment Program be placed in the Bureau of Indian Affairs' budget for FY'87 and FY'88 as a line item appropriation of $250,000 each year. At the present time, the Bureau of Indian Affairs divides up the money at the Area Office and is making every attempt to cut us out of the budget (see attached resolution).

Budget Item	$250,000.00

INDIRECT COST

A line item needs to be established for indirect cost. The tribal governments in Nebraska, North and South Dakota are presently having difficulty with the indirect cost program since the regulations were established for urban organizations. The Office of Management and Budget does not allow flexibility for tribal governments to seek resolution to the financial difficulties caused by the indirect cost program. The tribes, therefore, are requesting the Senate Select Committee on Indian Affairs to support hearings on indirect cost and contract support in order that applicable regulations be developed which will address Indian tribes and organizations for adequate indirect cost/contract support/administrative support as provided in Section 106(h) of P.L. 93-638 (see attached resolution).

Budget Item For I.H.S.......................................	$12,000,000.00
Budget Item For B.I.A.......................................	$13,000,000.00

JOHNSON O'MALLEY

The Aberdeen Area Tribal Chairmen oppose the transfer of Johnson O'Malley to the Department of Education which would eventually be transferred to states. We see this as another example of the erosion of the trust responsibility. It should remain in the Bureau of Indian Affairs.

Budget Item To Remain in B.I.A..............................	$24,000,000.00

AGRICULTURAL

Agriculture throughout the United States is in a critically depressed economic condition. On reservations, because of unique problems in financing, management, etc., the situation for Indian farmers and ranchers is even more critical.

In the Aberdeen Area, the Indian cattlemen are facing severe weather situations and most operators are experiencing a financial crisis which affects their ability to make lease payments to tribal governments. Tribal governments are heavily dependent on the economic base these cattlemen provide. We recommend three changes that need to occur immediately:

1. That a joint inter-agency Indian agricultural committee be established.
2. Create an agricultural department within the Bureau of Indian Affairs.
3. Transfer the administration of all F.H.A. loans for Indian cattle operators to the Bureau of Indian Affairs.

(See attached resolutions)

Budget Item.. $64,000,000.00

MCCARREN AMENDMENT
43-USC-666

Tribes, by virtue of their treaties, have prior and paramount rights to the use of water. States have a vested interest in water adjudication which would be a conflict in state courts. We feel that federal court is the only arena where tribes can receive impartial litigation. Therefore, we request an amendment to the McCarren Amendment that tribal water rights cases should only be litigated in federal courts (see attached resolution).

H.U.D. PROGRAM

Due to the high cost of living on the reservation, high cost of transportation, the depressed economy and high unemployment, the Aberdeen Area Tribal Chairmen's Association requests that the Secretary of H.U.D. issue a waiver of the current 25% rate used for rental charge and reduce it to 15 or 20% (see attached resolution).

INDIAN HEALTH SERVICE

Indian Health Service is one of the most vital services directly related to the well-being of Indian people and is a basic trust responsibility of the United States. For this reason, we believe Indian Health Service must be exempt from the Gramm-Rudman Deficit Act across the board, especially as Aberdeen Area receives the lowest per capita funding of the ten (10) Indian Health Service areas. The health status of Indian people reflects that in such areas as the infant mortality rate, which is twice as high as the rest of the nation, as well as the rest of the Indian nations.

The Aberdeen Area Tribal Chairmen's Association opposes any reduction of the Community Health Representative budget for '86 and '87. It is imperative that it be kept at the '85 funding level or life threatening health conditions will increase. In the Aberdeen Area, because of the isolation of our reservations, the C.H.R. performs a vital health service of education and preventive health care which would not otherwise be available. The C.H.R. Program should continue to assist the elderly on the reservations.

We need your continued support to ensure that funds are available for the construction of hospitals and medical facilities in the Aberdeen Area. These facilities are necessary in the provision of direct health services.

Budget Item For Hospitals and Clinics (Aberdeen Area).......	$30,000,000.00
Budget Item For C.H.R......................................	$ 3,200,000.00

OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget has usurped Congress' role in the government to government relationship with the tribes. O.M.B. has, in effect, minimized the special legal relationship constitutionally and as provided by treaties. We ask your help to restore our direct relationship with Congress. The tribes must be allowed to continue to make progress with their own projects and programs. We do not appreciate being considered a minority in the sense of race or numbers, but rather any consideration given us, be in respect to the treaties.

CONCLUSION

As always, the tribes need the Senate support to restore programs for Indian tribes to further their progress. Over the years, we have appeared before the Senate many times on numerous issues because we needed your help to guide the bureaucracy to bridge the gaps with the Indian world.

Presently, the Bureau of Indian Affairs has refused to provide direction to the Indian tribes and has constantly neglected to provide assistance. The Bureau of Indian Affairs and Indian Health Service have a legal responsibility to the Indian tribes to administer the trust responsibility that was spelled out by Congress in a mandate to the federal government. Today, we need the Senate to intervene with the present administration. We admire your efforts to reduce this country's deficit, but the Indian tribes have a treaty and a mandate from Congress to direct the federal bureaucracy to provide the determined amount of funds projected in the U.S. budget to assist our tribes toward social and economic self-sufficiency. The Indian Reorganization Act was only passed in 1934, providing recognition to tribal governments to form tribal councils to legislate their own affairs. We are learning, in spite of the handicaps of indifference by administration and constant budget cuts.

We won our battle over Public Law 280, which was an attempt to give law and order jurisdiction to the states. States have a very poor attitude toward Indian people and tribes, and it has only been in recent years that some states have conceded that they must work with tribal governments. In the battle to survive, the land is the tribes last strong hold. It is regrettable that the Bureau of Indian Affairs does not have capable leadership to provide effective and innovative guidance to Indian tribes today. We do not have the time anymore to blindly trust these federal agencies to act in our best interests, regardless of the legal responsibility. It has been too devastating to our well-being. We want to take the initiative to lead the administration and federal agencies in their efforts to aid us.

Therefore, the tribes in the Aberdeen Area would suggest to the Senate Select Committee that new legislation be provided, which would be called The Indian Recovery and Improvement Act of 1986. This act would bring about these new changes in the further development of Indian tribes. With adequate funding, significant improvements would occur, economically and socially, for tribes.

Budget Item for '87, '88, '89 and '90......................	$400,000,000.00

UNITED SIOUX TRIBES

RESOLUTION NO. 7-84-3

WHEREAS: The United Sioux Tribes was formed by eleven (11) Sioux Tribes in the Aberdeen Area from North Dakota, South Dakota and Nebraska, to promote the General Welfare, Health Status, Educational Improvement, Contracting and Economic Development for the Indian people and,

WHEREAS: The Bureau of Indian Affairs lacks the resources to bring about improvement of Indian lands on the reservations, including personnel in Range and Land Management Department who have problems in improving range units with dams, fencing, soil conservation and irrigation development for crop improvements and,

WHEREAS: Presently, the Bureau of Indian Affairs does not have an Agricultural Department within their agency to address the problems of Natural Resource Development on Indian lands with much needed water improvement plans and,

WHEREAS: The non-Indian ranchers receive funds to improve all deeded lands on the reservation and,

WHEREAS: The Indian rancher does not have the same access to funds for improvement and,

NOW THEREFORE BE IT RESOLVED: That the Sioux Tribes demand the Bureau of Indian Affairs in Washington, D.C. Central establish an office on Indian Agriculture within the Office of Trust Responsibility to provide the necessary assistance to Indian Tribes as they are the only agency equipped to deal with Indian reservations and,

BE IT FURTHER RESOLVED: That the Sioux Tribes demand the Bureau of Indian Affairs investigate, compile and present to Congress a budget to be allocated to Indian Tribal Governments to provide needed improvements on Indian lands for stock dams, fencing, irrigation, soil conservation, and range unit development.

CERTIFICATION

WE DO HEREBY CERTIFY: That the United Sioux Tribes of South Dakota Development Corporation passed this resolution at a duly called meeting of the Board of Directors on the 1st day of July, 1984 at the Kings Inn in Pierre, South Dakota.

Webster Two Hawk, President

ATTEST: ______________________

Morgan Garreau, Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 60-85-2

WHEREAS, The Aberdeen Area Tribal Chairmen's Association representing sixteen (16) reservations in the states of North Dakota, South Dakota and Nebraska meeting in formal session, and

WHEREAS, The commercial lending agencies in the Aberdeen four state area are unwilling to participate in the Indian Finance Act Guaranteed Loan Program, and

WHEREAS, The Indian Cattle operators are experiencing financial difficulties with FmHA, Federal Land Bank, PCA, and commercial lenders, and

WHEREAS, The amount of Direct Loan Provision in the Indian Finance Act is insufficient to meet the financial needs of Tribes and Indian Cattle operators,

NOW THEREFORE BE IT RESOLVED: That the Aberdeen Area Tribal Chairmen's Association hereby requests that the Direct Loan Provision in the Indian Finance Act be increased from 50 million to 250 million to meet the financial demands.

BE IT FURTHER RESOLVED: That this appropriation be designated for agricultural use.

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting on the 22nd day of November, 1985 at the Sheraton Inn in Aberdeen, SD.

President

Secretary

UNITED SIOUX TRIBES

RESOLUTION NO. 7-84-4

WHEREAS, the United Sioux Tribes was formed by eleven (11) Tribes in the Aberdeen Area from North Dakota, South Dakota and Nebraska to promote the general welfare, health status, educational opportunities and economic development for Indian people and,

WHEREAS, the Tribe have worked closely over the years with Housing and Urban Development to have low-rent homes constructed on Indian reservations for the purpose of Indian Tribal members to live in low-rent units on the reservation, where housing is necessary and,

WHEREAS, a problem has occurred when Housing and Urban Development changed the regulations to increase the rent to seven hundred dollars ($700.00) per month for each individual Indian living in a low-rental dwelling on the reservation and,

WHEREAS, the Tribes realize that without H.U.D. support they would not be able to construct or build homes on the reservation, but the regulations on low-rent housing is creating an additional problem, although President Reagan has indicated that one of his policies was to lower the restrictions on the regulations per Vice-President George Bush's task force and,

WHEREAS, the Indian people residing on the reservation, particularly on Sioux reservations have some of the lowest income levels in the nation with the unemployment rate at an 82% range, Indian people do not have the resources to pay such high rent increases and,

NOW THEREFORE BE IT RESOLVED, that the United Sioux Tribes demand that Housing and Urban Development Agency decrease the rent on the low-rental units along with their restrictions to provide flexibility for Tribal Governments and,

BE IT FURTHER RESOLVED, that the Sioux Tribes of 70,000 Indian people strongly support the continuation of Housing and Urban Development and the Indian Desk to continue to work more closely with the Indian reservations and,

BE IT FURTHER RESOLVED, that the Sioux Tribes of 70,000 Indian people demand Housing and Urban Development do a study of the income levels on the low-rental housing units for comparison against what they are charging individuals renting these homes and,

BE IT FURTHER RESOLVED, that the Sioux Tribes demand Housing and Urban Development, provide and maintain a top ceiling of low-rental units up to the following units:

1 bedroom unit at $160.00 per month
2 bedroon unit at $220.00 per month
3 bedroom unit at $249.00 per month
4 bedroom unit at $274.00 per month

No increase in housing unit pertaining to interim rule 24 CER, parts 805, 860, 861, 865 as referred gross rent for the public Housing Program.

CERTIFICATION

WE DO HEREBY CERTIFY: that the United Sioux Tribes of South Dakota Development Corporation passed this resolution at a duly called meeting of the Board of Directors on the 1st day of July, 1984, at the Kings Inn in Pierre, South Dakota.

Webster Two Hawk, President

UNITED SIOUX TRIBES OF SOUTH DAKOTA
DEVELOPMENT CORPORATION

ATTEST: ______________________________
Morgan Garreau, Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 425-86

WHEREAS, The Aberdeen Area Tribal Chairmen's Association was established to promote the general welfare, economic development, program development, educational opportunities and provide assistance to the Indian reservations; and

WHEREAS, The tribes, under the 1868 Treaty and the Agreement of 1876, which is an amendment to the 1868 Treaty, by Article 6, were promised comfortable houses for allottees and this was a special entitlement for a housing program, as well as vested right of the tribes to have housing on individual lands which is a conflict with the HUD Cluster Site program and some public housing regulations which are not flexible and do not address reservation housing; and

WHEREAS, The Department of Housing and Urban Development, HUD, is not in line with the Treaty of April 29, 1868, because they do not recognize the special needs which include the unemployment and poverty which is the norm on most Indian reservations, the location of most reservations which is remote and geographically isolated, the general unavailability of mortgage credit, the lack of adequate roads, sanitation and water facilities and finally, the status of trust and/or restricted nature of Indian lands; and

WHEREAS, The tribes have gone on record to do a housing inventory and a reservation-wide property inventory and is proposing implementation of a Code Supervisor in conjunction with the Home Improvement Program and the Reservation Resources; and

WHEREAS, The tribes have adopted resolution nos. 77/78-82 for the Management Improvement Plan to collect rent from tribal employees and to pursue better cooperation for the fiscal management of the Housing Authority.

NOW THEREFORE BE IT RESOLVED, that the tribes petition the Secretary of Housing and Urban Development and the U.S. Congress to address the 1868 Treaty and the Agreement of 1876, which is an amendment to the 1868 Treaty, by Article 6, which was a Government promise to build comfortable houses for allottees as a special entitlement for a housing program as well as a vested right of the tribes to have housing on individual lands.

BE IT FURTHER RESOLVED, that the tribes urge the amendment of HUD regulations to recognize the isolation factor in the increased cost of living on reservations due to the unique nature of Indian housing as HUD recognizes the cost adjustment factor in remote areas for construction of Indian housing, such as the following:

1) The unique instances when reservation townships and communities near larger outside boundary cities do not fall under the same cost influences as large cities;
2) Non-competitive privately-owned businesses which create a higher cost of living;
3) Unusual climatic conditions;
4) Distances from source of necessities and costs incurred for transportation;
5) Higher priced food and clothing;
6) Crisis unemployment on reservations;
7) Any other unique situations encountered living in Indian Housing on reservations.

BE IT FURTHER RESOLVED, that the tribes urge an amendment or waiver of HUD regulations to establish a 15% to 20% rental charge on Indian housing units on the reservations due to the isolation factor.

BE IT FURTHER RESOLVED, that the tribes urge the establishment of the following criteria for consideration in the rental of Indian housing on the reservations:

1) Consideration of depreciation value in rental agreements;
2) $1,000 deduction per dependent;
3) Alternative use energy funds in place of "re-captured funding".

BE IT FURTHER RESOLVED, that the President and Secretary of the Aberdeen Area Tribal Chairmen's Association be authorized and instructed to sign this resolution for and on behalf of the Aberdeen Area Tribal Chairmen's Association.

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting of the Aberdeen Area Chairmen on the 7th day of February, 19 86, at the Sheraton Inn in Aberdeen, South Dakota.

Charles W. Murphy, President

Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 306

WHEREAS, The Aberdeen Area Tribal Chairmen's Association was established to promote the general welfare, health status, economic development, educational opportunities and provide assistance to the Indian reservations in the Aberdeen Area; and

WHEREAS, The Aberdeen Area Tribal Chairmen's Association is composed of the sixteen (16) Tribal Chairmen from each of the reservations in North Dakota, South Dakota and Nebraska; and

WHEREAS, The tribal governments in the tri-state area are presently having difficulty with the Indirect Cost Program which provides a percentage rate to each tribe so they are able to cover their administrative cost; and

WHEREAS, The indirect cost concept was established for urban organizations and not for respective tribal governments; and

WHEREAS, The Inspector General's Office does not allow enough flexibility for tribal government to seek resolution to the financial difficulties caused by this program; and

WHEREAS, The Inspector General's Office does not provide technical assistance to tribes in funding solutions to their carry-over problems thus causing tribal governments to go in debt; and

WHEREAS, The Inspector General's Office does not realize that the federal programs are decreasing, creating a continuous problem of over-recovery in tribes' indirect cost proposals; and

WHEREAS, Tribal governments do not have a tax-base or contingency fund where the indirect cost funds can be used as additional support for the tribes; and

WHEREAS, The Indirect Cost Program in it's present form is not adequate for tribes.

NOW THEREFORE BE IT RESOLVED, that the tribal governments do not support the Indirect Cost Program because it is not the best program for the tribes.

BE IT FURTHER RESOLVED, that the Tribal Chairmen request their related federal agencies and the Inspector General's Office to devise a plan or system that would be a more efficient mechanism to assist tribal governments in their financial management. Input would be provided by the tribes.

BE IT FURTHER RESOLVED, that the tribes demand the Bureau of Indian Affairs to follow Section 106-H of P.L. 93-638 as passed by Congress in 1976.

CERTIFICATION

WE DO HEREBY CERTIFY: that the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting of the Aberdeen Area Chairmen on the 21st day of August, 19 85 at the Sheraton Inn in Aberdeen, South Dakota.

President

Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 361-86 ____

WHEREAS, The Aberdeen Area Tribal Chairmen's Association was established to promote the general welfare, economic development, program development, educational opportunities and provide assistance to the Indian reservations; and

WHEREAS, The protection of it's prior and paramount right to use water under the Winters Doctrine is of the utmost importance to the tribes; and

WHEREAS, The United States serves as trustee for the tribe's Winters Doctrine rights, while the states are often antagonistic to and may create water rights in conflict with Winters Doctrine rights; and

WHEREAS, To assure evenhanded adjudication, lawsuits to quantify Winters Doctrine rights must be brought only in federal courts; and

WHEREAS, Under the McCarran Amendment, 43 U.S.C. 666, as interpreted by the Supreme Court in the Akin case, Winters Doctrine rights may be adjudicated in state courts as well as federal courts.

NOW THEREFORE BE IT RESOLVED, that the tribes urge revision of the McCarran Amendment to provide that Winters Doctrine rights can be litigated only in federal courts.

BE IT FURTHER RESOLVED, that the tribes support passage of the proposed bill attached to this resolution, as a means of accomplishing the purpose of the resolution.

BE IT FURTHER RESOLVED, that the President of the Aberdeen Area Tribal Chairmen's Association is authorized and directed to communicate the tribes' views as expressed in this resolution.

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting of the Aberdeen Area Chairmen on the 7th day of February, 1986, at the Sheraton Inn in Aberdeen, South Dakota.

Charles W. Murphy, President

Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 41-86

WHEREAS, The Aberdeen Area Tribal Chairmen's Association was established to promote the general welfare, economic development, program development, educational opportunities and provide assistance to the Indian reservations; and

WHEREAS, The Aberdeen Area Tribal Chairmen's Association is composed of the sixteen (16) Tribal Chairmen from each of the reservations in North Dakota, South Dakota and Nebraska; and

WHEREAS, The tribal governments in the tri-state area are presently having difficulty with the Indirect Cost Program which provides a percentage rate to each tribe so they are able to cover their administrative cost; and

WHEREAS, The indirect cost concept was established for urban organizations and not for respective tribal governments; and

WHEREAS, The Office of Management and Budget does not allow enough flexibility for tribal government to seek resolution to the financial difficulties caused by this program; and

WHEREAS, The Office of Management and Budget does not provide technical assistance to tribes in funding solutions to their carry-over problems thus causing tribal governments to go in debt; and

WHEREAS, The Office of Management and Budget does not realize that the federal programs are decreasing, creating a continuous problem of over-recovery in tribes' indirect cost proposals; and

WHEREAS, Tribal governments do not have a tax-base or contingency fund where the indirect cost funds can be used as additional support for the tribes; and

WHEREAS, The Indirect Cost Program in it's present form is not adequate for tribes.

NOW THEREFORE BE IT RESOLVED, that the Aberdeen Area Tribal Chairmen's Association strongly urges the N.T.C.A. and N.C.A.I. to pursue, with the House Interior and Insular Affairs Committee and the Senate Select Committee on Indian Affairs, the invitation of legislation and hearings on indirect cost of contract support affecting Indian tribes and to include mandating that the Office of Management and Budget, in consultation with Indian tribes, develop regulations applicable only to Indian tribes and organizations for indirect cost/contract support/or administrative support as provided for in Section 106(h) of P.L. 93-638.

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting of the Aberdeen Area Chairmen on the 7th day of February, 19 86, at the Sheraton Inn in Aberdeen, South Dakota.

Charles W. Murphy, President

Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 20-85-6

WHEREAS, The Aberdeen Area Tribal Chairmen's Association representing sixteen (16) reservations in the states of North Dakota, South Dakota and Nebraska meeting in formal session, and

WHEREAS, The BIA must develop a hay purchasing program to relieve the current crisis faced by Indian Cattlemen, and

WHEREAS, The BIA has no special appropriations to supplement the Indian Cattle Operators, and

WHEREAS, The BIA does not presently have an agricultural program within it's department to meet the current needs of Indian Cattlemen and Tribes,

NOW THEREFORE BE IT RESOLVED: That the Aberdeen Area Tribal Chairmen's Association request that the BIA establish a special appropriation to purchase hay for the Indian Cattle operators during the current emergency.

BE IT FURTHER RESOLVED: That the BIA establish an agricultural program within its department

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting on the 22nd day of November, 1985, at the Sheraton Inn in Aberdeen, SD.

President

Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 90-85-5

WHEREAS, The Aberdeen Area Tribal Chairmen's Association representing sixteen (16) reservations in the states of North Dakota, South Dakota and Nebraska meeting in formal session, and

WHEREAS, The Indian Cattle operators in the Aberdeen Area find it difficult to finance their own cattle operations, and

WHEREAS, There are many existing problems between the Bureau of Indian Affairs and the U.S. Department of Agriculture with the Indian Cattle operator caught in the middle, and

WHEREAS, Many of the Indian Cattle operators are failing with no recourse under the Department of Agriculture programs, and

WHEREAS, The Indian Cattle operators are unable to meet their obligations to Farmer's Home Administration because of problems beyond their control

NOW THEREFORE BE IT RESOLVED: That the Aberdeen Area Tribal Chairmen's Association requests that the Farmer's Home Administration transfer all Indian Cattle operators' loans over to the Bureau of Indian Affairs for administration of these loans, and

BE IT FURTHER RESOLVED: That the transfer be handled through negotiations between the Bureau of Indian Affairs and the Farmer's Home Administration by the request of the Indian Cattle operators.

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting on the 22nd day of November, 1985 at the Sheraton Inn in Aberdeen, SD.

President

Secretary

ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 70-85-3

WHEREAS, The Aberdeen Area Tribal Chairmen's Association representing sixteen (16) reservations in the states of North Dakota, South Dakota and Nebraska meeting in formal session, and

WHEREAS, The loss of business from the drought and weather conditions has an effect on the Tribe's income to serve their Indian people, and

WHEREAS, The Indian Tribes need to establish an Indian task force to bring information to the Tribes in these areas faced with agricultural problems,

NOW THEREFORE BE IT RESOLVED: That the Aberdeen Area Tribal Chairmen's Association requests that a joint inter-agency Indian agricultural committee be established immediately to deal with the short and long term problems facing Indian Tribes and people.

CERTIFICATION

WE DO HEREBY CERTIFY: That the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting on the 22nd day of November, 1985, at the Sheraton Inn in Aberdeen, SD.

President

Morgan James
Secretary

. ABERDEEN AREA TRIBAL CHAIRMEN'S ASSOCIATION

Resolution No. 61

WHEREAS, The Aberdeen Area Tribal Chairmen's Association was established to promote the general welfare, economic development, program development, educational opportunities and provide assistance to the Indian reservations; and

WHEREAS, Unemployment on the reservations is reaching an all-time high and resources as well as assistance is needed by tribal members; and

WHEREAS, The United Sioux Tribes Employment Assistance contract is concerned with providing employment services in the areas of long term employment and state-wide community relations to enhance the lifestyle of the Indian population; and

WHEREAS, The United Sioux Tribes Employment Assistance contract has been successful in maintaining rapport with the state, federal and private contractors and employers and has aided Indian people in their search and community adjustment; and

WHEREAS, The contract services of the Direct Employment Program assists the residents of our reservations and that a substantial number have been assisted in past years of the program's existence.

NOW THEREFORE BE IT RESOLVED, that the Aberdeen Area Tribal Chairmen's Association direct the Bureau of Indian Affairs Aberdeen Area Director to fund the total amount of funds needed to operate the Direct Employment Program for FY'86, equivalent to the total funding for FY'85.

CERTIFICATION

WE DO HEREBY CERTIFY: that the Aberdeen Area Tribal Chairmen's Association passed this resolution at a duly called meeting of the Aberdeen Area Chairmen on the 21st day of August, 1985 at the Sheraton Inn in Aberdeen, South Dakota.

President

Morgan [illegible]
Secretary

FEB 3 1986

URBAN
COALITION
OF MINNEAPOLIS
CLEARINGHOUSE
Data Release (11)
June 1985

INFANT MORTALITY IN MINNEAPOLIS

Black and American Indian babies are more than twice as likely as white babies to die before reaching their first birthday. Infant mortality rates (expressed as the number of deaths during the first year of life for every 1,000 live births) for the years 1979-1982 are as follows:

TABLE 1

INFANT MORTALITY RATES:
MINNEAPOLIS, 1979-82

White	9.9
Black	21.0
American Indian	23.1
Other	13.6

[The "Other" group consists almost entirely of Asians and Pacific Islanders. Neither the city nor the state health departments keeps separate infant death statistics for Hispanics.]

The death of an infant is tragic in itself. But high infant death rates among minority and low-income people are also a vivid indicator of another tragedy--the poverty, malnutrition, and poor access to health care that often beset the communities in which these infants are born. This report presents data on factors related to infant deaths in the city of Minneapolis.

Poverty

Public health records do not provide information on family income. We can, however, examine the relationship between infant mortality and poverty by looking at the infant health and poverty statistics that are available for each of the 127 census tracts within Minneapolis.

Poverty is distributed very unevenly within the city. In 1980 there were 22 census tracts in which more than 30% of the residents were living below the official poverty level. At the other extreme, there were 27 census tracts in which the poverty rate was less than 5%. Overall, 13.5% of Minneapolis residents were living in poverty in 1980. (In 1984 dollars, the poverty level for a family of four is approximately $10,600.)

- MORE -

FOR FURTHER INFORMATION: Contact the URBAN COALITION CLEARINGHOUSE, a minority, low-income information resource sponsored by the Urban Coalition of Minneapolis (348-8550).

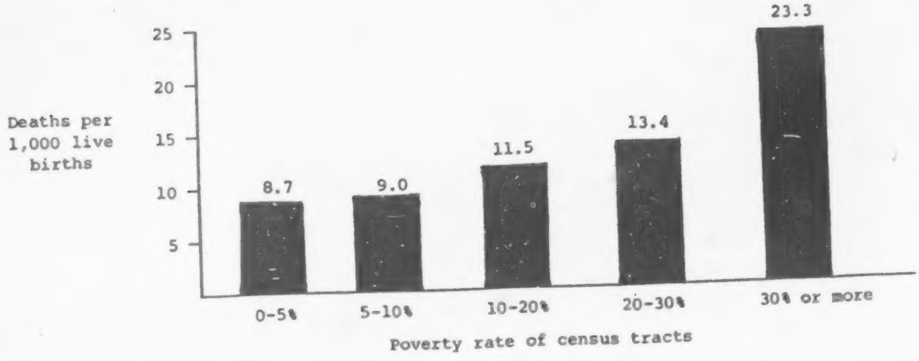


Figure 1. Relationship between infant mortality rate and level of poverty, Minneapolis, 1979-1982.

Figure 1 above indicates that there is a strong link between poverty and infant mortality. In the poorest census tracts, 23 out of every 1,000 babies die before reaching their first birthday, compared to fewer than 9 out of every 1,000 babies in the most affluent census tracts.

The 22 census tracts with poverty rates exceeding 30% are also areas which are heavily populated by minorities. These very poor census tracts accounted for 37% of Black births; 48% of Indian births; 47% of other (Asian and Pacific Islander) births; but only 7% of white births in the city.

Living in poor neighborhoods is linked to infant mortality rates among each racial group. As Figure 2 indicates, the infant mortality rate for whites living in very poor census tracts was 14.3 compared to 8.7 for whites living in wealthier areas. Blacks living in the poorest parts of the city had an infant death rate of 30.0 compared to only 11.4 among Blacks living in the well-off sections of the city.

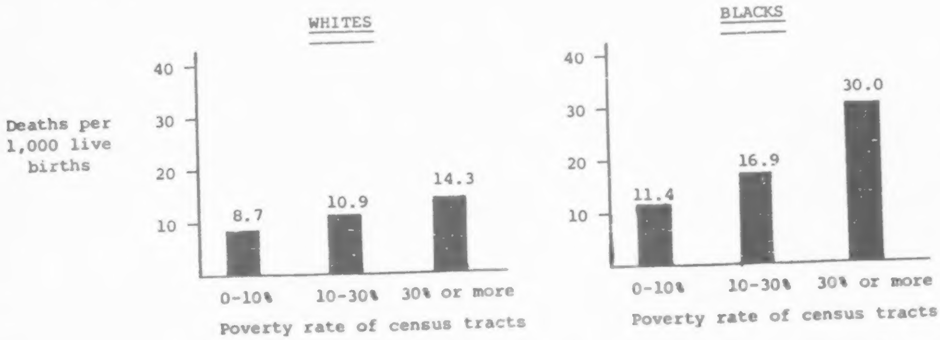
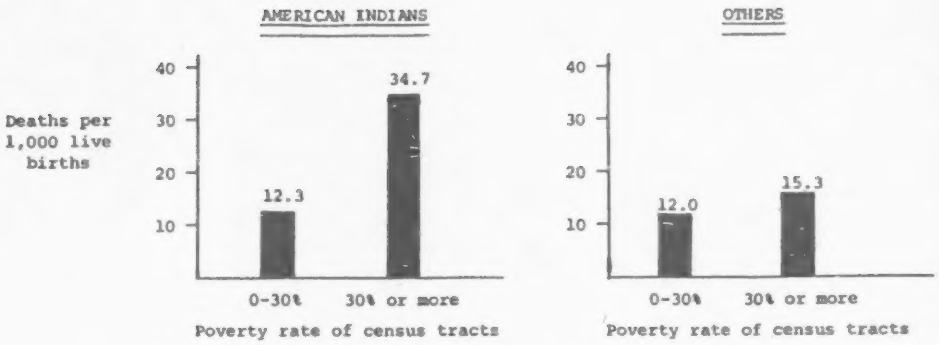


Figure 2. Relationship between infant mortality rate and level of poverty for whites and Blacks.


AMERICAN INDIANS

OTHERS

Figure 3. Relationship between infant mortality rate and level of poverty for American Indians and Others (primarily Asians and Pacific Islanders).

Due to the small numbers of Indians and Asians/Pacific Islanders living in the more prosperous sections of Minneapolis, we compared infant mortality rates in the poorest census tracts with all other census tracts combined. As Figure 3 shows, Indians living in the poorest neighborhoods had an astonishingly high infant death rate of 34.7 per thousand live births, almost three times as high as the rate among Indians living elsewhere in the city.

These figures provide powerful evidence of the impact of poverty on an infant's chances for survival.

Prenatal Care

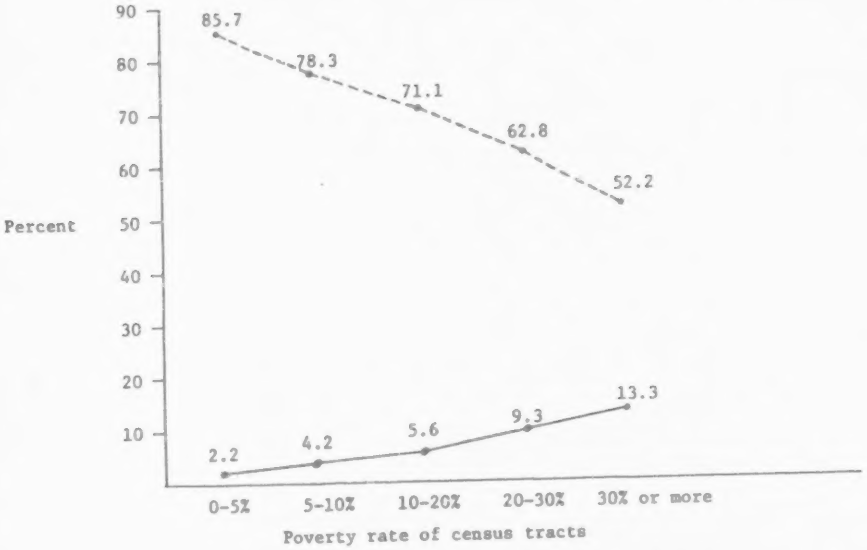
Inadequate health care is also linked to infant mortality. According to the Minneapolis Health Department, the infant mortality rate among mothers who had fewer than seven prenatal health care visits was 39.9 per 1,000--more than three times as high as the city-wide rate. Early prenatal care can detect problems which might affect the baby's chances and which can be treated.

Minority women are much less likely to receive early prenatal care than white women. As Table 2 indicates, more than three-fourths of white women but less than half of Indian women began receiving prenatal care during the first trimester of their pregnancy. Conversely, substantial numbers of minority women did not receive any care until the third trimester, or received none at all.

TABLE 2

START OF PRENATAL CARE BY RACE: 1979-82

	White	Black	Indian	Other
First Trimester	78.8%	59.4%	42.0%	41.2%
Second Trimester	17.3%	30.8%	38.7%	43.5%
Third Trimester/No Care . .	3.9%	9.7%	19.3%	15.3%
TOTAL	100.0%	99.9%	100.0%	100.0%



Broken Line: ------ Percent starting care in first trimester.

Solid Line: ——— Percent starting care in third trimester or not at all.

Figure 4. Relationship between start of prenatal care and level of poverty, Minneapolis, 1979-1982.

Early access to prenatal care is also linked to poverty. Figure 4 shows that 85.7% of women living in the most affluent parts of the city received prenatal care during the first trimester, compared to only about half of the women (52.2%) living in the poorest neighborhoods. Conversely, only 2.2% of women from the most affluent areas started receiving care in the third trimester or not at all, compared to more than one of every eight women (13.3%) from the poorest parts of the city.

Age of the Mother

Infant mortality is often confused with the problem of teen pregnancy. Teenage mothers include disproportionate numbers of minority women who live in the city's poorest neighborhoods. Therefore, the higher-than-average mortality rates of infants born to teen mothers may reflect poverty and related factors as much as or more than the age of the mother.

TABLE 3

INFANT MORTALITY RATES BY RACE AND AGE OF MOTHER:
MINNEAPOLIS, 1979-1982

Age of Mother	White	Black	Indian
17 or younger . .	16.8	19.3	16.0
18-19	11.4	26.2	24.6
20-24	11.0	22.3	28.4
25-29	8.3	20.1	12.8
30 or older . . .	8.3	12.2	15.2

Among whites, infant mortality rates are indeed highest for mothers who are 17 years old or less. However, for Blacks, infant deaths occur most frequently when the mother is 18 or 19, or when the mother is in her early twenties. Among Indians, infant deaths occur most often when the mother is 20-24.

Despite the attention devoted to teenage pregnancy in recent years, the great majority of births--and infant deaths as well--occur to women in their twenties and thirties. From 1979 to 1982, 12% of white infant deaths, 29% of Black infant deaths, and 27% of Indian infant deaths involved cases in which the mother was less than 20 years old.

We would like to express our thanks to the Minneapolis Health Department, which supplied much of the data used to prepare this report.

If you have questions or would like further information about this report, please contact Pete Rode at the Urban Coalition, 348-8550.

Statement of

Donald D. Creamer, Executive Director

Borrego Pass (Contract) School

I have held various Administrative positions at a single Contract School since 1973 (prior to passage of either P.L. 93-638 or P.L. 95-561). I was an active member of the 95-561 Field Task Force that developed the present ISEP Formula, and helped develop and train BIA personnel in formula-funding-related financial planning and management procedures afterward. I also served on the advisory group BIA established in its effort to comply with Congressional directives to incorporate Contract Support funds in Program funds (incidentally opposing the "grandfathering" concept later adopted by BIA), as well as the second "Formula Task Force" (actually an advisory-only group) convened as part of OIEP's attempt to revise the ISEP Formula. I have had extensive experience with Title IV Formula and Discretionary Grants, and with BIA-administered USDEd "flow thru" programs such as Chapter I and P.L. 94-142 Special Education. And I have maintained a decade-long, active-investigative interest in both BIA and Indian Education Appropriations and funding processes. Because of this experience I feel an obligation to comment on certain issues in the President's current Budget Request for Indian Education programs.

1. General Funding Levels

First, I must support the President's overall requests for Indian Education, in both BIA and the Department of Education. By comparison with deep cuts elsewhere, these requests recognize that these programs provide ongoing support for basic services for Indian people as an historic obligation of the Federal government, not just short-lived support for basically State-level obligations.

2. BIA School Operations - Bilingual Education

54% (1.5 million) of the decrease in ISEP Formula funding from the FY 87 base level is attributed to changes in the Intense Bilingual program funded through the Formula. It appears to result from OIEP Central Office employees' determination to impose their personal "fast track to English" concept on those Indian School Boards now operating Bilingual programs above the 3rd Grade on ISEP funds. This concept reflects an "Anglo" ethnocentric view that an Indian student's initial skill in any other language than English is a "problem" to be "addressed" instead of an asset to be used in educating the student. It brands the native language speaker "deficient" if he does not fully comprehend the language of his imported BIA teacher by the end of third grade, and at the same time denies any additional resources beyond that age to "address" the "problem".

This issue clearly exposes BIA Central Office staff's stubborn determination to subvert the BIA's primary legal policy mandate to "facilitate Indian control in all matters relating to Education", whenever they don't agree with local Indian decisions, and its ambition to re-assert the "prolonged Federal domination of Indian programs" which the Congress has passed two major laws to overcome. BIA's current justification (that local Boards who want bilingual instruction above the 3rd grade should provide it out of the basic Formula allotment that funds all instruction at these levels) is a transparent evasion of the issue. It attempts to obscure the fact that additional funds were provided for this purpose in the original ISEP Formula, with requirments for documentation of particular students' need for this additional resource, in order to make it possible for local Indian School Boards to make their own decisions in the matter; and that these funds are now being withdrawn and those needs officially rejected above the 3rd grade level, based solely on Central Office employees' personal opinions of what is best for the Indians. As a result, I respectfully request that the Committee intervene (once again) in BIA's manipulations, seek restoration of those Intense Bilingual funds that are attributable to ISEP-funded programs above the 3rd grade, and see that BIA is told in Committee report language that "fast track to English" is only one of many acceptable Bilingual Education program designs, and that choice of a particular program design is the prerogative of the local Indian School Board, and is not to be prejudiced by the introduction of officially favored "program funding" factors in the ISEP formula.

3. BIA - School Boards - Training

The Budget Justification is ambiguous as to whether OIEP is again planning a single national convention of School Board members to indoctrinate them in the BIA way of running schools, or whether it will continue the pattern of contracting School Board training to Indian School Board Associations. The Committee is respectfully asked to assure that BIA does the latter, and eliminates past obstructionism and delays in so doing.

4. BIA - USDEd Fund Transfers

The transfer of Johnson O'Malley to USDEd and Title IV Tribal Schools' funding to BIA is extremely problematic. It appears to arise primarily from an egocentric and paternalistic ("our" Indians and "their" Indians/ "our" funds and "their" funds) Washington Bureaucrat point of view. It eliminates the Indian Control safeguards in both programs which have resulted from years of Congressional hearings about various abuses of power, and concentrates control of each of these funding sources in the Agency with the greatest conflict of interest with Indian Tribes and people in managing the institutions funded.

A. The JO'M Transfer

This transfer implements a false distinction between "Public School Indians" and "Federal School Indians" as if students cease to be Tribal Members by going to a Public School and the United States has no Government to Government obligation to Tribes with regard to these "Public School Indians". Yet major Public School districts have lost notorious suits in the past over diversion of JO'M funds to subsidize education for non-Indians, in order to keep from having to levy State and local taxes, and one of the major safeguards against such abuses is the possibility of Tribal control of the JO'M program through P.L. 93-638 contracting. This possibility would be eliminated by the proposed transfers.

It is respectfully suggested that the Committee either reject the transfer of JO'M to USDEd outright, or require that USDEd block grant JO'M funds directly to Tribes, entirely at Tribal option, wherever significant numbers of Tribal members are served by given Public Schools, in any authorizing legislation passed to implement this proposal.

B. Title IV Transfer and "Education Enrichment" Proposal

BIA's transparently self-serving treatment of this reportedly USDEd-initiated transfer is so shameless as to be publicly embarassing. It simply takes over $9.5 Million in currently Indian-controlled funding and subverts it into a restoration of BIA's old "Program Funding" system. It ignores the Congressional intent to support the program development efforts of the fully Indian Controlled Tribal Schools with these funds and turns them into OIEP-Controlled general support for "Federal School Indians" as such. It eliminates Indian Controlled Schools' entitlement under Title IV A Formula Grants; makes all funding "competitive" with decisions being made by the "Central Office of the Office of Indian Education Programs"; omits the independent Field Reader procedures used by USDEd to reduce Bureaucratic bias in awarding Grants; disqualifies those "non-Federal" Tribal Schools, such as Little Red Schoolhouse, which have found a major source of basic program support from Title IV in the past; and imposes the personal priorities of OIEP Central Office staff (some of which are ludicrously amateur and reflect the fact that many Central Office personnel are non-educators, or have no real experience at the school level: "values and traditions of the Indian society" = "native arts and crafts"?).

Literally hundreds of examples of OIEP Central Office's inability to manage discretionary control of school funding without serious abuse could be cited. The gross inequities in per-pupil funding amounts that led to Congressional mandates for Formula funding in P.L. 95-561 are one. BIA's current Central

Office domination of Contract School Chapter I projects through highly prescriptive in-house guidelines enforced with questionable pre-contract review and approval procedures (which BIA holds are not subject to 638 declination issue proceedings should OIEP reject Contractor plans, even though 638 Regulations specifically controvert this) are another. BIA's incredibly complex and prescriptive Special Education Regulations are another. The list of pig-headed, autocratic, know-it-all, ivory-tower Central Office domineering is endless!

Consequently, as a long-term monitor of BIA, sometime consultant to its leadership, and genuine supporter of systematic, responsible administration of public programs, I am asking the Committee to do all within its power to overturn the "Education Enrichment and Advancement Program" currently proposed by OIEP. It is a power grab by a small clique of would-be "king makers". All past evidence supports the conclusion that it would be used to curry political favor, reward subservience to Bureaucratic tyranny, obstruct Indian control of Education, and support personal "buddies" in the system.

Instead, I would suggest that the Committee either reject the transfer outright, or structure the program so that OIEP Central Office staff have absolutely no discretion in allotting the money. You might possibly "grandfather in" the average funding level of the "non-Federal" Tribal Schools for the past several years, to protect their interests, and then put the rest of the funds into a separate Formula for the "Federal" Tribal Schools, which BIA cannot touch for its own purposes and must allow local Contract School Boards to use according to their own priorities within the limits of the original Title IV purposes for Part A Enrichment and Services programs and Part B Planning, Pilot and Demonstration projects.

Additionally, special provisions would have to be made to allow new Indian Controlled Schools to use these funds as "start up" money (as in the past) without BIA's obstructing the effort because it wants to get out of the school business instead of further into it! This is an area of especial conflict of interest between BIA policy makers and Indian people. I see little way for BIA to be involved in it without obstructing it!